



THABA CHWEU

LOCAL MUNICIPALITY

ANNUAL REPORT 2014 / 15



THABA CHWEU LOCAL MUNICIPALITY

ANNUAL REPORT

2014-15



Cllr V.S. Magagula
Speaker



Cllr S. Mashigo-Sekgobela
Executive Mayor



Cllr MC Masilela
Chief Whip



Cllr T.E. Mabuzza
Technical Engineering and Finance



Cllr I. Mokoena
LED and Social Services



Cllr M.T. Mashego
Cooperate Services and Human settlement



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List of Acronyms

AFS:	Annual Financial Statement
AG:	Auditor General
AR:	Annual Report
Cllr:	Councillor
COGTA:	Department of Co-operative Governance and Traditional Affairs
CoGTA :	Corporative Government and Traditional Affairs
CRDP:	Comprehensive Rural Development Programme
EDM :	Ehlanzeni District Municipality
EMS :	Environmental Management System
EPWP :	Expanded Public Works Programme
FBS :	Free Basic Services
FY:	Financial Year
GDS:	Growth and Development Summit
GIS :	Geographic Information System
HIV	Human Immune Deficiency Virus
IDP :	Integrated Development Plan
IWMP :	Integrated Waste Management Plan
KPA:	Key Performance Areas
LED :	Local Economic Development
MDG :	Millennium Development Goals
MFMA :	Local Government: Municipal Finance Management Act, 2003(Act 56 of 2003)
MIG :	Municipal Infrastructure Grant
MISA :	Municipal Infrastructure Support Agent
MISF :	Mpumalanga Integrated Spatial Framework
MM :	Municipal Manager
MSA :	Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
MTEF :	Medium Term Expenditure Framework
NSDP :	National Spatial Development Perspective
PFMA :	Public Finance Management Act, 1999 (Act 22 of 1999)
PGDS :	Provincial Growth and Development Strategy
PMS:	Performance Management System
PPP	Public Private Partnership
RDP:	Reconstruction and Development Programme
SAPS:	South African Police Services
SDF :	Spatial Development Framework
SMME	Small Micro Medium Enterprise
SPLUMB :	Spatial Planning and Land Use Management Bill
SWOT :	Strengths, Weakness, Opportunities and Threats
TCLM :	Thaba Chweu Local Municipal

CHAPTER 1:

MAYORS FOREWORD AND EXECUTIVE SUMMARY

1.1 Executive Mayor's Foreword



The format and content of the Annual Report is largely prescribed by Section 46 of the Local Government: Municipal Systems Act (No: 32 of 2000) and Sections 121 and 127 (2) of the Local Government: Municipal Finance Management Act (No: 56 of 2003). The above legislation compels the Municipality to prepare an Annual Report each financial year and the Executive Mayor to table such a report in Council within seven months after the end of each financial year.

Although we got a Disclaimer in the last financial year, we made a commitment that things will slowly change for the better. We hope for an improved audit report for 2015/2016 financial year.

It is always a daunting task to provide a complete account on the responsibilities conferred upon us by the electorate. Most significantly, we do so being quite conscious of the fact that the general public deserves its rightful place at the apex of the 'accountability chain'. In presenting this Annual Report, Thaba Chweu Local Municipality sets out the performance highlights and financial management for the 2014/2015 financial year.

We owe this timely reporting to our colleagues in government, the people of Thaba Chweu and all those who live, work and play in our municipal area by providing them with an insight into our approach to governance and service delivery. This Annual Report is a culmination of the implementation of the Council's adopted Integrated Development Plan (IDP), Budget and Service Delivery and Budget Implementation Plan for the 2014/2015 financial year. In essence, the report is an account of Thaba Chweu Local Municipality's achievements in the year under review, and it also assists in identifying our successes and failures.

This report is therefore intended to attest to the collective efforts of the administrative and political arms of the Municipality to progressively address the expectations of our people.

It will of course remain true that the challenges of poverty and unemployment will remain with us beyond the term of office of any elected political office-bearer or top management official. This clearly qualifies the fact that 'development is not an event but a process' which requires multiple resources and effective leadership.

I have no doubt that this will be a useful document for Councillors, Staff and Stakeholders as we strive to continuously improve our services to the people of Thaba Chweu.

I remain committed to working together with my Mayoral Committee, the whole Council and the Municipal Administration in realising our vision and making it a practical reality. We are positive that Thaba Chweu Local Municipality's future holds the promise of a better managed and financially viable institution which delivers excellent services to the communities. I trust that every reader who studies this report from a balanced and fair perspective will concur with this impression.

A handwritten signature in black ink, appearing to read 'S Mashigo-Sekgobela', written over a horizontal line.

Cllr S Mashigo-Sekgobela
The Executive Mayor

1.2 Municipal Manager's Foreword



The 2014- 2015 financial year has been an exceptional year in which key strategic decisions in the municipality were made. Decisions like the appointment of two section 56/57 Directors who made us to partially achieve the objective of filling the Strategic posts in the Municipality.

We must indicate that the years that we have traversed thus far as the municipality has been extremely difficult due to numerous challenges that are confronting the municipality, like the Incurring Eskom debt which the municipality is trying tirelessly to respond to the payment plan which was signed and approved in 2013.

The land invasion is also an issue that does not rest the municipality but we have developed some strategies to completely eradicate such issues through our legal unit. Amongst other things, the municipality found itself faced with challenges of financial constraints, inconsistent leadership and management, adversarial labour relations and other governance related challenges. As I have alluded recently the Council is dealing with the issue of the appointment of the Municipal Manager.

Regarding the labour and other governance issues, there have been several engagement meetings with the labour union and the executive in order to amicably deal with the matter.

Despite the challenges mentioned above it is important to note that significant progress has been made during this 2014-2015 financial year with regard to Municipal Infrastructure Grant (MIG). It is therefore safe to say we spend 100% budget allocated to the Thaba Chweu. The municipality has utilised Municipal Infrastructure Grant properly through the provision of water and the upgrade of roads.

We manage to sign an agreement with the entire business formations of this municipality whereby we agreed to work together on service delivery issues. We also managed to establish a Local Economic Development (LED) Forum which will assist the municipality in proper coordination and facilitation of small business initiatives as well as attracting the potential investors to the Municipality.

Further, we again during this financial year the Council decided to write off all the parked amounts of debts which emanated from the era of political instability and turmoil. The parked debts were just creating audit queries to the municipality until after consultation with various stake holders whereby a decision was taken by Council to write them off and the arrears charges. As part of the revenue enhancement, this benefitted both our consumers and the municipality.

It is regrettable that the Municipality has received disclaimer for the past six years, but we are pleased to announce that there is improvement in audit findings and we have developed a systems to insure that the next Auditor General assessment's will receive improved and acceptable outcome.

We believe that working together with the various stake-holders will eventually bear fruits to this institution which will together celebrate.

I thank you

A handwritten signature in black ink, consisting of a series of loops and curves, written over a horizontal line.

Mr L M Mokoena
Acting Municipal Manager

1.3 Municipal Overview

1.3.1 Location

Provincial context

The municipality is one of the four municipalities of the Ehlanzeni District Municipality (EDM) of Mpumalanga province. TCLM is located on the far north eastern part of the EDM. It shares its northern boundaries with the Limpopo province. The map below demonstrates the location of the municipality from the provincial context.

Municipal Context

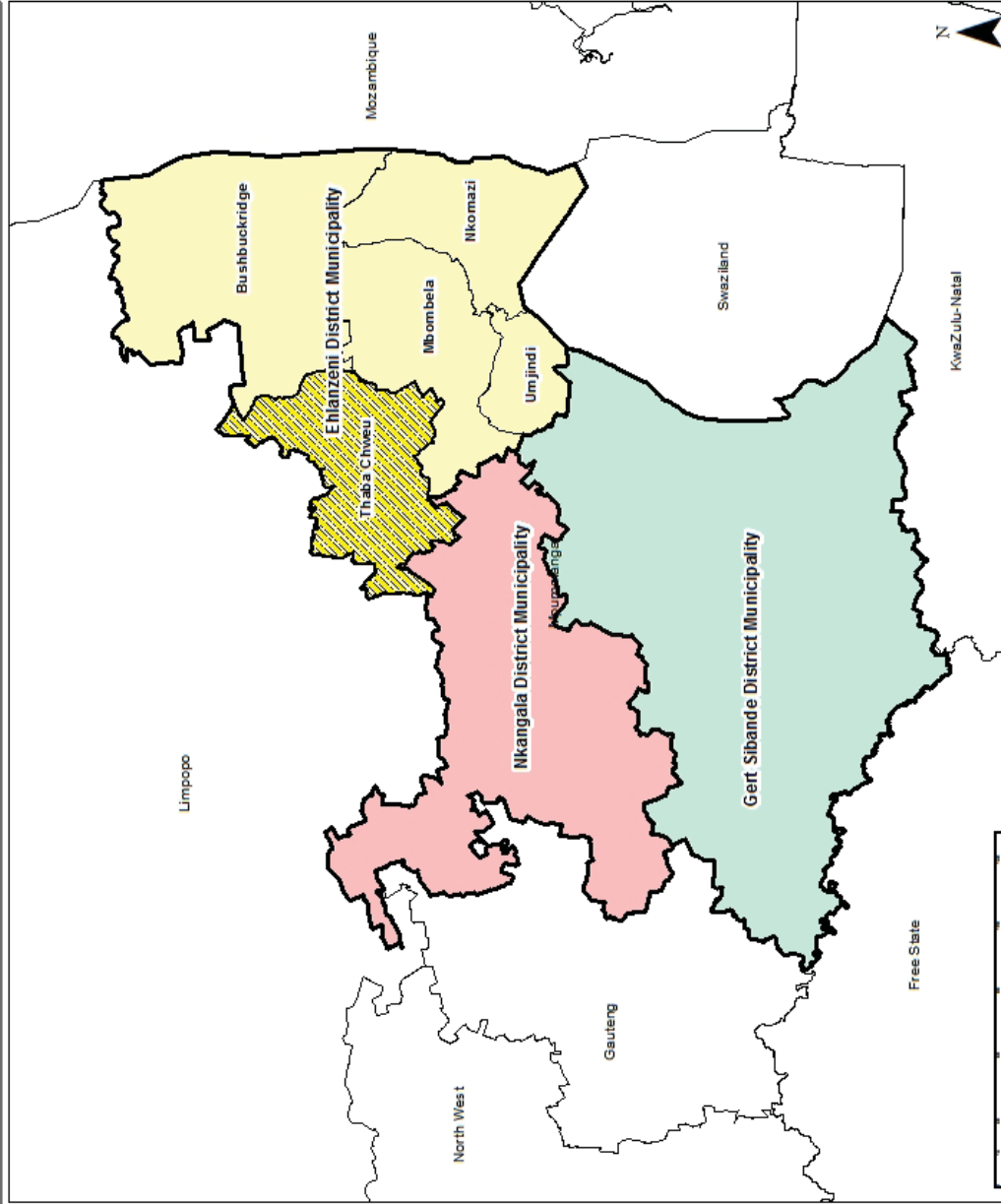
From the sea level altitude perspective is on the Lowveld escarpment of the Mpumalanga Province with an average elevation of 1400 m above sea level and altitudes varying from 600 to 2100m. The municipality shares its boundaries with the following municipalities: Bushbuckridge Municipality on the eastern part, Greater Tubatse Municipality on the northern part and Mbombela Municipality on the Southern part. The map demonstrates the location of the municipality including main towns and all current wards and population density within the municipality.

The municipality comprises of fourteen (14) wards and four main towns namely: Lydenburg which is the main town located in ward fourteen (14), Sabie located in ward seven (07) which is the second largest town, Graskop which is smallest town located in ward ten (10) and Pilgrim's Rest which is a historic monument town located in ward ten (10) as well. The town with the largest population is Lydenburg followed by Sabie whereas Graskop and Pilgrim's Rest have the smallest population. The rural communities of TCLM are located in ward 08 and 09 with three main villages i.e. Matibidi, moremela and Leroro which are semi-formal, other communities are farm rural communities located in ward 04,05c,11 and 13.

1.4 Powers of the municipality

The Thaba Chweu Local municipality comprises of 14 wards with 14 ward councillors representing a population of around 98387 people. The executive is made up of three (3) Members of Mayoral Committee each leading a section 80 committee as per the directorates of the staff establishment of the municipality politically.

DISTRICT LOCALITY MAP



Thaba Chweu Local Municipality



Legend

Local Municipalities

- Bushbuckridge
- Mbombela
- Nkomazi
- Thaba Chweu
- Umjindi

District Name

- Ehlanzeni
- Gert Sibande
- Nkangala
- Provincial Boundary
- Neighbouring Countries

Thaba Chweu Local Municipality
Created by: Trevor Rikhotso

SOUTH AFRICA

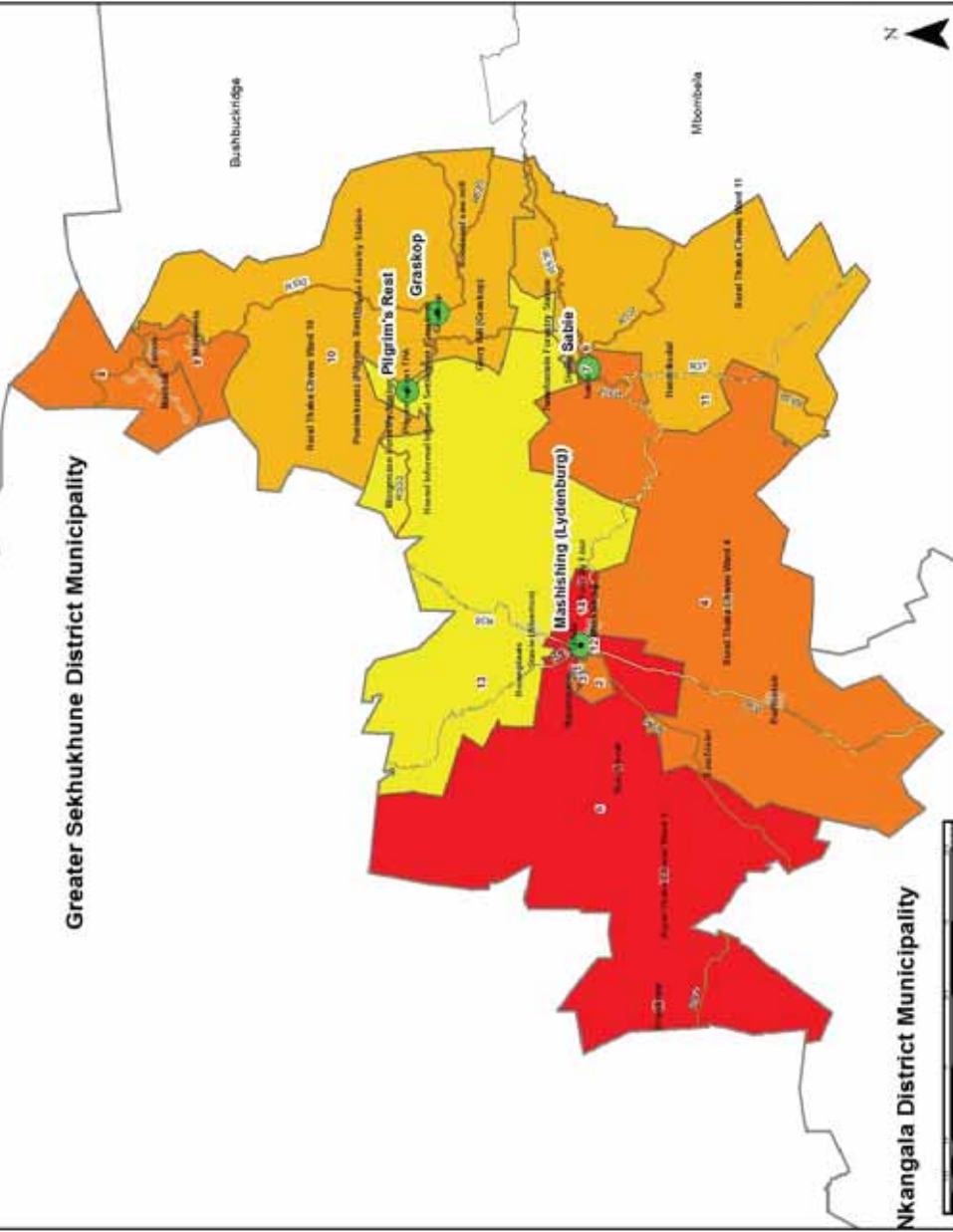


Map of South Africa showing the location of Thaba Chweu Local Municipality in the northern part of the country.

Scale: 1:2,500,000

THABA CHWEU LOCALITY MAP

Greater Sekhukhune District Municipality



Thaba Chweu Local Municipality



Legend

- Main Towns
- Roads
- NATIONAL
- MAIN
- ARTERIAL
- Population per Ward
- 2564 - 3257
- 3257 - 5637
- 5637 - 8525
- 8525 - 9436
- 9436 - 10464
- Settlements
- Municipal Wards 2011
- Local Municipalities
- District Municipalities Outside EDM

Thaba Chweu Local Municipality
Created by: Trevor Rikhdoo

Mpumalanga Province



1:650,000

Demographic Information

Population size

Source: TCLM; IDP 2014/15

The figure above presents the population size of Thaba Chweu Local Municipality in the year 1996, 2001 and 2011. According to the Census results of Stats SA the population size in 1996 was at 65909, 2001 it stood at 81681 and in 2011 it was 98387. According to this statistics there has been an increase in population size from 1996 to 2001 of 15772 and 16706 from 2001 to 2011. This statistical information becomes important in Thaba Chweu Local Municipality planning in order to accurately determine the service demand and focus areas of basic service improvement from all pieces of municipal sector plans and policies. In simple terms this becomes a key directive for planning and budgeting within the municipality. The common language spoken in all main three towns is Swati and Sotho.

1.4.1. Total Number of Households

The total number of households stood at 33 352 according to the 2011 census. See the classification of households, towns/villages per ward

Ward No.	Township/Village Name	Urban (Formal)/Rural (Informal)	Total No of HH
Ward 1	Mashishing/Lydenburg	Urban /Formal	1047
Ward 2	Mashishing/Lydenburg	Urban /Formal	2916
Ward 3	Mashishing/Lydenburg	Urban /Formal	3259
Ward 4	Coromandel & Badfontein	Rural/Farms	2694
Ward 5	Draikraal, Shaga, Kiwi, Bosfontein and Part of Mashishing	Rural/Farms	2552
Ward 6	Simile	Urban	2305
Ward 7	Sabie and Harmony Hill	Urban /Formal	3490
Ward 8	Matibidi	Rural/Farms	2187
Ward 9	Moremela and Leroro	Rural/Farms	2382
Ward 10	Graskop/ Pilgrims rest	Urban /Formal	2283
Ward 11	Brondal, Hendricksdal, Sip-sop	Rural/Farms	2746
Ward 12	Mashishing/Lydenburg	Urban /Formal	958
Ward 13	Spekboom and Part of Orhighstad	Rural/Farms	1178
Ward 14	Mashishing/Lydenburg	Urban /Formal	3355
Total			33352

Source: Stats SA, 2011

1.5. Municipal Functions

Thaba Chweu Local Municipality is a grade three (03) with basic functions allocated. Refer to the table below for details.

Schedule 4 Part B/ Function	Function allocated to Thaba Chweu Local Municipality	Function Allocated to District Municipality
Air pollution	yes	Yes
Building regulations	Yes	
Child care facilities	Yes	
Electricity and gas reticulation	Yes	
Fire-fighting services	Yes	
Local tourism	Yes	
Municipal airports	Yes	
Municipal planning	Yes	
Municipal health services	No	
Municipal public transport	yes	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law.	Yes	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto.	No	
Storm water management systems in built-up areas	Yes	
Trading regulations	Yes	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	
Schedule 4 Part C/ Function		
Agency for Local Economic Development	Yes in terms of sec 84 of MFMA	

MUNICIPAL INITIATIVES

The legislative mandate of the municipality is derived from Section 155/156 of the South African Constitution and Chapter 3 of the MSA. In line with the provision these chapters and its regulations the following five main KPAs were introduced for municipalities to perform on as outline from the municipal system act 32 of 2000 regulations:

- Good Governance and Public Participation
- Municipal Transformation and Organisational Development
- Basic Infrastructure and Service Delivery
- Local Economic Development
- Municipal Financial Viability and Management

Municipal Objectives

STRATEGIC OBJECTIVES	FOCUS AREA
1. Provide access to basic services	▪ By Maintaining and refurbishment of public service infrastructure ▪ By Improving of Sector Department participation on project and IDP implementation by coordinating and availing land ▪ Development of Master Plans, By-Laws and Policies for such purposes ▪ By Preventing of runaway fires through public awareness programmes ▪ By providing Water, Electricity and Housing supply to households ▪ Providing quality and drinkable water
2. Increase revenue base	▪ By Encouraging community members to pay for municipal services by improving public participation and communications ▪ By Attracting investors by promoting Thaba Chweu and sustaining of PPP ▪ By Improving billing systems by introducing new and advanced billing system and train finance officials ▪ Development of strategies to source funding externally
3. Improve Human Resource Management	▪ Attraction & retention of employees by offering compatible package ▪ Ensuring of sustainability of natural resources ▪ Diversification of energy sources
4. Enhance and Support Tourism Initiatives and Development	▪ Development of tourism strategy ▪ Maintenance of tourism centres ▪ Linkage of tourism centres to LED ▪ Enhancement of tourism advertisement
5. Good governance	▪ Staffing and implementation of monitoring and performance management systems, ▪ Improvement of stakeholder' participation and transparency ▪ Strengthen the effectiveness of oversight committees ▪ Fight corruption
6. Local Economic Development	▪ Creation of conducive environment for SMMEs ▪ Job creation ▪ Promotion of Public Private Partnership (PPP) ▪ Supporting of small and potential LED initiatives ▪ Support of THALEDA
7. Combat HIV/AIDS infections	▪ Establish awareness programmes and campaigns on issues of HIV/AIDS

1.5.1. Municipal/IDP Priorities

Thaba Chweu Local Municipality has prioritized the following development priorities to guide its operations. These priorities have been informed by input from participatory process of the IDP with all stakeholders.

Priority No.	Priority Issue	Key Focus Area
	Water	Provide all households with reliable, affordable and metered potable water; refurbish general water system; construct additional reservoirs; upgrade water treatment plant in Lydenburg
	Roads	Provide safe roads and storm water networks to urban and rural areas. Pave roads/streets, repair port holes and gravel roads and reseal roads.
	Sanitation	Ensure that all households have access to basic quality sanitation services; construct bulk sewerage. Rural Installation of VIP toilets and household connection to main sewer lines, Refurbish sewer treatment plants and pipe line networks.
	Electricity	Ensure access to affordable and reliable electricity for all households; carry out general electricity refurbishment.
	Housing/Human settlements	Need for housing, housing delivery, formalisation of informal settlement and facilitate provision of RDP's.
	Land	Develop sites for human settlement.
	Community facilities	Provide all residents with basic sport and recreation facilities; upgrade and rehabilitate sport facilities; upgrade community halls and library facilities; provide workshops and care facilities for the disabled, elderly and young children; maintain and upgrade cemeteries.
	Education	Ensure that land is available to build new schools
	Health	Ensure that every community has access to basic health facilities. Establish mobile clinics and build a new clinic.
	Public Safety	Reduce crime through community participation in anti-crime initiatives; conduct tourism safety campaigns; conduct gender-based anti-violence campaigns; conduct moral regeneration campaigns. Work with local SAPS to insure safety of the public

1.6. Statement of Auditor General South Africa 2015

Refer to Chapter 06 (Statement of AG 2015 Annexure)

1.7. Statement of the financial health of the year ended June 2015

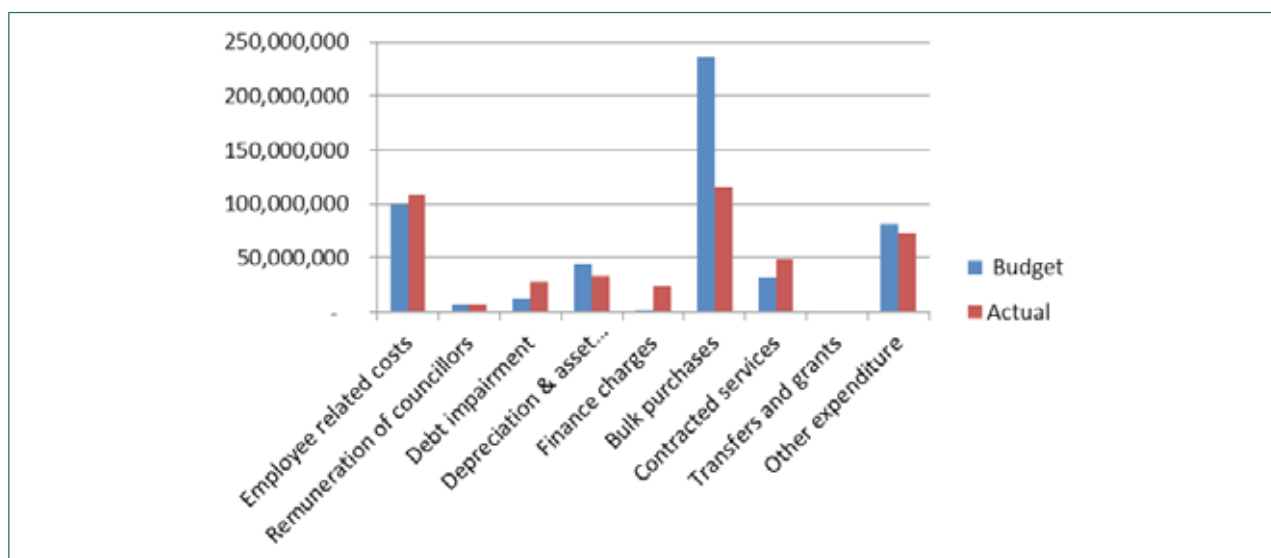
The Summary Statement of Financial Performance is shown in the table below, and is prepared on a similar basis to the prescribed budget format, detailing revenue by source type and expenditure and input type.

Summary Statement of Financial Performance		
Description	Budget 2014/15	Actual 2014/15
	R'000	R'000
Total Revenue By source(Excl Capital Transfers)	382, 358.00	429 766
Total Expenditure	427, 790.00	536 345
Surplus/(Deficit)	(-45, 432)	(-106 579)

1.7.1. Operational Expenditure Analysis

The table below indicates expenditure by type

Description	Budget 2014/15	Actual 2014/15
	R'000	R'000
Employees cost	101,341	117,670
Councillors Remuneration	8,167	8,883
Finance Charges	600	35,901
Depreciation & Asset Impairment	44,187	86,780
Material and Bulk Purchases	172,896	131,021
Contracted Services	43,793	54,002
Bad Debts	2,000	21,196
Other Expenditure	54,807	69,316
	427,790	524,118



1.7.2. Income Analysis

The table below indicates revenue by source

Description	Budget 2014/15	YTD Actual
	R'000	R'000
Property rates	60,329	102,028
Services Charges	192,051	159,659
Transfer Recognise- operational	94,676	142,573
Other own Revenue	35,302	61,153
Total Revenue (Excl Capital Transfer and Contribution)	382,358	465,411

1.8. Top Risk of the Municipality

The top main risks of the municipality range from lack of revenue enhancement strategy, resulting to insufficient collection of revenue, high electricity distribution losses, shortage of skilled human capital (including section 56&7 managers) which has impact on the implementation of the IDP. Staff commitment is also one of the main risk this is due to low morale which impact negatively on service delivery. Inappropriate placement of staff members also impact negatively on service delivery.

Basic Service Level

1.8.2.1 Water Access and Backlog

Ward No.	Piped (tap) water inside dwelling/ institution	Piped (tap) water inside yard	Piped (distance less than 200m from dwelling/ institution)	Piped (distance between 200m and 500m from dwelling/ institution)	Piped (distance between 500m and 1000m (1km) from dwelling / institution)	Piped (distance greater than 1000m (1km) from dwelling/ institution)	No access to piped (tap) water	Total
Ward 1	621	403	2	11	1	2	7	1047
Ward 2	1030	1692	85	82	-	-	27	2916
Ward 3	1266	1956	10	2	2	-	24	3259
Ward 4	1010	692	578	111	57	8	239	2694
Ward 5	940	790	80	57	3	38	645	2552
Ward 6	436	1101	441	130	75	117	4	2305
Ward 7	1575	639	820	186	33	1	235	3490
Ward 8	154	1627	239	56	34	8	68	2187
Ward 9	267	1666	78	33	50	37	253	2382
Ward 10	916	740	513	61	25	3	25	2283
Ward 11	794	1153	511	81	61	14	132	2746
Ward 12	866	85	1	3	-	1	1	958
Ward 13	580	342	162	26	6	3	58	1178
Ward 14	2477	786	74	1	2	4	10	3355
Total	12932	13672	3594	841	348	236	1730	33352

Source: Stats SA, 2011

1.8.2.2 Electricity Access and Backlog

Ward No	Electricity	Gas	Paraffin	Candles (not a valid option)	Solar	None
Ward 1	1010	-	7	28	-	4
Ward 2	2520	8	49	312	7	19
Ward 3	2944	5	23	265	10	12
Ward 4	2121	15	29	518	4	8
Ward 5	1631	14	74	807	10	16
Ward 6	1918	-	77	295	13	2
Ward 7	2570	9	66	817	5	23
Ward 8	2123	1	4	53	2	4
Ward 9	2298	4	3	58	10	10

Ward No	Electricity	Gas	Paraffin	Candles (not a valid option)	Solar	None
Ward 10	1687	4	122	445	4	20
Ward 11	2207	3	24	478	27	8
Ward 12	941	3	-	5	7	2
Ward 13	996	7	21	151	2	1
Ward 14	3152	12	15	166	4	6
Total	28118	85	514	4398	105	135

Source: Stats SA, 2011

1.8.2.3 Sanitation Access and Backlog

Wards No.	None	Flush toilet (connected to sewerage system)	Flush toilet (with septic tank)	Chemical toilet	Pit toilet with ventilation (VIP)	Pit toilet without Ventilation	Bucket toilet	Other	Total
Ward 1	23	1007	12	-	1	2	1	1	1047
Ward 2	100	2701	47	3	3	2	11	48	2916
Ward 3	62	3169	5	4	7	5	-	8	3259
Ward 4	72	1706	365	12	15	446	20	59	2694
Ward 5	215	1413	137	19	25	598	27	118	2552
Ward 6	67	1608	37	2	8	572	2	10	2305
Ward 7	29	1960	31	2	10	1444	11	4	3490
Ward 8	40	151	31	8	655	1302	-	-	2187
Ward 9	20	72	55	9	569	1639	7	13	2382
Ward 10	93	1417	140	22	113	423	7	68	2283
Ward 11	200	1157	407	60	173	539	88	123	2746
Ward 12	1	943	12	-	1	-	-	-	958
Ward 13	53	843	76	7	31	157	4	7	1178
Ward 14	2	3276	22	1	43	7	3	1	3355
Total	980	21421	1377	147	1653	7135	180	459	33352

Source: Stats SA, 2011

1.8.2.4 Road Conditions

Current backlog is 110.3Km gravel road still in need of tarring and 40.9 Km tarred road with dilapidating infrastructure from all three towns: Lydenburg/Mashishing, Sabie and Graskop.

1.8.2.5 Waste Collection Access and Backlog

Ward No.	Removed by local authority/private company at least once a week	Removed by local authority/private company less often	Communal refuse dump	Own refuse dump	No rubbish disposal	Other	Total
Ward 1	1023	-	-	21	2	1	1047
Ward 2	2609	15	22	155	111	3	2916
Ward 3	3024	205	4	9	10	7	3259
Ward 4	992	326	78	1150	123	25	2694
Ward 5	1308	37	59	795	252	101	2552
Ward 6	1577	182	6	393	139	9	2305
Ward 7	2055	73	11	1028	288	34	3490
Ward 8	113	7	3	1787	273	4	2187
Ward 9	20	8	2	2246	102	4	2382
Ward 10	1406	236	12	535	81	13	2283
Ward 11	685	506	164	998	345	48	2746
Ward 12	886	57	4	3	5	2	958
Ward 13	790	109	16	213	39	11	1178
Ward 14	3060	177	7	95	1	14	3355
Total	19550	1940	388	9427	1770	277	33352

Source: Stats SA, 2011

CHAPTER 2: GOVERNANCE

2.1 Political Governance Structure

No	Initials & Surnames	Position
	Cllr. B M Ncongwane	Honourable Executive Mayor (former Mayor)
	Cllr. V S Magagula	Speaker
3	Cllr. Selina Mashigo	Chief Whip
4	Cllr. I Mokoena	MMC (Social Services)
5	Cllr. M.C Masilela	MMC (Technical & Finance)
6	Cllr T Mashego	MMC (Cooperate & Human Settlement

Administrative Governance Structure

Level: Section 56/7	Position/Directorate	Change Interval (2014/15)
Acting Municipal Manager	Accounting Officer	Three (03)
Finance	Acting Chief Financial Officer	Three (03)
Corporate Services	Acting Director	Two (02)
Technical Services	Acting Director	Three (03)
Community Services	Acting Director	Three (03)

2.2 INTERGOVERNMENT RELATIONS

IGR is very important component of local government sphere as far as it relates to other government structures, especially the relations between the provincial and national government. The municipality has demonstrated capacity to relate to all affected IGR partners in the province and the district, and has well formalised relations with other special stakeholders like SALGA where the council speaker sits as member.

There is also satisfactory participation in all service delivery structures in the provincial government which are meant to assist local government in improvement of quality of services, i.e. PCF, district joint management meetings and other structures in the provincial sector departments.

2.3 PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Thaba Chweu Local Municipality has approved its IDP process plan on the 16th October 2014 (Resolution No: A56/2012) resolution number as a guide to inform all IDP processes till to the approval of the 2013-14 IDP.

IDP Consultative meetings 2014/15 review

The process plan outlined all activities of the IDP in the financial year 2014/15. The following are the schedule for consultative meetings.

IDP consultative meetings: IDP feedback/performance 2012-13 to 2013-14 (30 October – 05 November 2013)

Date	Venue	Time	Ward
30/10/2013	Marifani Primary School	18H00	14
04/11/2013	Lydenburg Town Hall	18H00	12
04/11/2013	Sabie Town Hall	17H00	07
31/10/2013	Mashishing Community Hall	18H00	01, 02, 03 & 05C

Date	Venue	Time	Ward
01/11/2013	Moremela Communiyt Hall	10H00	09B
02/11/2013	Leroro Community Hall	10H00	09A
02/11/2013	Draaikral (Tonteldoors High Schools)	10H00	05B
	Bosfontein Primary School	14H00	05A
02/11/2013	Mohlala Tribal Authority	11H00	08A
	Mashilane Tribal Authority	14H00	08B
02/11/2013	NS Malherbe Primary School	11H00	11
	Hendricksdal Hall	09H00	11
	Witklip Hall	13H00	11
03/11/2013	Coromandel Park	10H00	04A
	Badfontein (Klipspruit Combined School)	14H00	04B
03/11/2013	Sperkboom	10H00	13
	Ohristad Dam	13H00	13
	Pilgrim's Rest Primary School	17H00	13
05/11/2013	Graskop Town Hall	18H00	10

Draft IDP/Budget 2014/15 consultative meetings: draft/budget consultation (05 April 2013 – 15 May 2014)

DATE	VENUE	TIME	WARD
05/04/2014	Leroro Community Hall	10H00	09A
05/04/2014	Draaikral Tonteldoors High Schools	10H00	05B
05/04/2014	Bosfontein Primary School	14H00	05A
06/04/2014	M.C Hall	14H00	01,02&03
06/04/2014	Kelly's Ville Primary School	11H00	05C
07/04/2014	Graskop Town Hall	18H00	10
07/04/2014	Sabie Town Hall	17H30	07
08/04/2014	Mohlala Tribal Authority	10H00	08A
08/04/2014	Mashilane Tribal Authority	14H00	08B
08/04/2014	Sperkboom	17H00	13
09/04/2014	Ohristad Dam	17H00	13
09/04/2014	Marifani Primary School	18H00	14
09/04/2014	Ekuthuleni Hall	17H00	06
10/04/2014	Pilgrim's Rest Primary School	17H00	13
10/04/2014	Lydenburg Town Hall	17H00	12
12/04/2014	Moremela Communiyt Hall	10H00	09B
13/04/2014	NS Malherbe Primary School	13H00	11
13/04/2014	Hendricksdal Hall	09H00	11
13/04/2014	Witklip Hall	15H00	11
13/04/2014	Sipsop	11H00	11
13/04/2014	Coromandel Park	17H00	04A
15/04/2014	Badfontein (Klipspruit Combined School)	17H00	04B

The 2015-16 IDP is a result of intensive stakeholder's participation within TCLM. Furthermore, the draft annual report has gone through the stakeholder participation.

2.4 CORPORATE GOVERNANCE

Risk Management

Risk management is seen as a core function of municipal management and it is motivated principally by the following prescripts; section 62(1) (c) (i) of the MFMA. Thaba Chweu Local Municipality operates with limited resources which require much discipline and dedication in order to maximize the value from the resources at the municipality disposal. Value is maximized when we set clear objectives, develop appropriate strategies, understand the intrinsic risks associated with such objectives and strategies, and direct effort and resources towards managing the risks on cost-benefit principles. Risk management is an important mechanism for ensuring that these things happen as they should.

In reality, the process of managing risks is inseparable from that of managing for success – it is one and the same. Seen in this context it is therefore not surprising that risk management is considered to be a central part of Government's performance improvement initiatives. A key consideration is that risk management becomes an integral part of management, with line managers taking full responsibility for managing all the risk that can affect their operations.

The Municipality has conducted its annual Enterprise-wide Risk Assessment (ERM) during December 2014 to identify the risks which will contribute to the municipality not achieving its set objective. The results of Risk Assessment process were utilized as a basis for the determination of the key areas of internal audit focus and in the development of the internal audit coverage plan. To mitigate these risks, it was confronted with Management to implement the action plans (control activities) by establishing and implementing policies and appropriate procedures such as approvals, authorizations, segregation of duties, reconciliations and physical safeguards.

Listed below are the strategic risks of the municipality which were identified in accordance to the KPA's and strategic objective from the IDP.

No	Risks to achieving strategic objective	Contributing factors	Action plan	Mitigating controls
1.	Lack of Revenue Enhancement Strategy resulting to insufficient collection of revenue	• Unmetered Services • High rate of unemployment • Illegal connections • Service delivery protests • Negative attitude by consumers • Un levied services.	• Approval of the Revenue Raising Strategy. • Implementation of the Revenue Raising Strategy.	• The Revenue Enhancement Strategy has been approved by council and it is being implemented
2.	Shortage of skilled human capital to implement the IDP projects.	• Lower Municipal capacity grading • Insufficient budget • Semirural status of the municipality • Lack of Recruitment & Retention strategy	• Implementation of the Work Place Skills Plan. • Implementation of the EE Plan. • Review, update and implement the HR Strategy.	• The Work Place Skills Plan is being implemented • The review of the HR Strategy is awaiting the approval of all HR policies
3.	Lack of staff commitment due to low morale which may impact negatively on service delivery.	• Lack of clear job descriptions • Lack of PMS • Lack of recognition of long service and excellency. • Insufficient resources	• Teambuilding exercises. • Awareness Employee Wellness Program. • Establishment of the EWP • MANCO meetings should discuss departmental challenges. • Development of PMS • Motivate the recognition of Long service	• PMS Unit has not yet been finalized due to the SAMWU court interdict relating to the organizational structure. However the IDP coordinator has been appointed to act as an IDP/PMS Manager. • The Long-Service policy has been developed and it is awaiting council approval

No	Risks to achieving strategic objective	Contributing factors	Action plan	Mitigating controls
4.	Inappropriate placement of staff members may impact negatively on service delivery.	Lack of Placement Policy	• Proper implementation of the Recruitment Policy • Adequate consultation with officials • Development of Placement Policy and Terms of Ref for the Placement Committee • Implement the recommendation of the Skills Audit Report.	• The Recruitment Policy has been approved by council and it is being implemented • The placement policy that is currently used is from the Bargaining Council • The Skills Audit Report that is being used is outdated and a new audit needs to be initiated
5.	Ineffective implementation of the LED strategy	• Shortage of Staff • Insufficient funds • High rate of unemployment • Previous Maladministration resulted to Sec 139 of Constitution	• Filling of critical vacant posts • Budget adjustment • Registration of LED projects on the EPWP programs • Proper implementation of the LED strategy	• The Section 56/7 posts have been advertised and council is busy with the process of filling the posts. Acting Directors have been appointed in the meantime • Some of the project has been implemented and some projects are not being completed due to lack of finance and leadership stability. • The LED Strategy is not yet approved
6.	Lack of integrated approach to respond to key economic drivers. (forestry ,tourism, agriculture and mining)	Lack of LED Forums	• Implementation of the LED Strategy • Review and update the implementation plan of the Tourism Strategy. • Approval of the implementation plan of the Tourism Strategy by Council • Establishment of LED Forums	• The Tourism Strategy is due for Council approval • Some of the project have been implemented and some projects are not being completed due to lack of finance and leadership instability
7.	Incorrect utilization of funds resulting to non-compliance to legislations e.g. MFMA, DoRA.	• Not clear understanding of Capital and operational activities • Lack of effective monitoring system in place	• Development of Virement policy • Approval and implementation of the policy • Development of a control sheet to monitor the implementation of the shifting of funds	• The Virement policy has been approved by council
8.	Non or improper disclosure of the municipal assets in the Asset Register	• Insufficient capacity • Lack of resources to manage the municipal assets	• Capacitating the Asset Management Unit • Implementation of the Adjustment budget • Solicit funding for asset management	• The Asset unit has been allocated with extra officials. • The district assisted with the process of updating the asset register

No	Risks to achieving strategic objective	Contributing factors	Action plan	Mitigating controls
9.	Inadequate and ineffective communication both internally and externally resulting to poor or uninformed decision making. #Lack of feedback mechanisms. #No handover process in place	• Lack of Commitment • Lack of Communication Strategy • Lack of Newsletters • Silo operations by departments or Units • Lack of sufficient IT System • Lack of Transparency within the organisation	• Development and implement the Communication strategy • Development and implementation of Communication and Marketing Strategy.	▪ The Communication and Marketing Strategy has been developed and approved by Council
10	Lack of public confidence in the Municipality's performance resulting in poor participation in the affairs of the Municipality.	• Lack of Transparency • Lack of Information to the Public • Insufficient quality of Service Delivery	• Improve on Skills Development Plan • Development of Communication and Marketing Strategy • Establish proper monitoring systems in the Contract-Project Management	• The Communication and Marketing Strategy has been developed and approved by Council
11.	Lack of Implementable strategies to market the municipality in order to enhance local investments.	• Delay in the implementation of the LED Strategy	• Monitor the implementation of the LED and Tourism Strategy • Organize Tourism Indaba's to inform investors about the benefits of investing in Thaba Chweu Municipality	• Some of the project have been implemented and some projects are not being completed due to lack of finance and leadership instability • Tourism Indaba's was not doing due to lack of funds • THALEDA is championing the process of enhancing local investments through its projects which are funded mainly by IDC
12.	Ineffective coordination of the Governance Structures	• Lack of appropriate meetings • Lack of necessary workshops for Political Office bearers • Inappropriate understanding of Local Government prescripts • Non-existence of RM Committee	• Establishment of the following committees: Risk Committee ICT Committee Finance Committee Budget Committee • Continuation of SALGA Workshops	• The listed committees were established during the 2013/2014 financial year. However there was still a challenge with the functioning of the Risk Management
13.	Lack of performance management system may impact negatively on service delivery and results to irregular expenditure.	• Lack Funds to Implement the PMS • Nonexistence of PMS Unit	• Performance Agreement to all Sec 57 Management • Proper implementation SDBIP • Review and update a Performance Management Framework. • Establishment of PMS Unit and System	• The performance agreement for section 57 are not signed due to instability in leadership (section 56 managers) • The SDBIP has been properly implemented • The review of Performance management has been done • The PMS unit has not yet been appointed because the organogram has been halted due to the court interdict

No	Risks to achieving strategic objective	Contributing factors	Action plan	Mitigating controls
14.	Lack of implementation of Council resolutions.	- Protest resulted in the delay on the implementation of the resolutions - Previous dissolution of the Council due to Sec 139 - Low staff Morale	- Implement the Council resolutions on time - Appointment of Sec 57 Managers - Motivate Annual Team Building - Develop integrated management Strategy - Procuring the relevant working tools(e.g. Trucks)	Section 57 Managers have not been appointed. However the municipality have advertised the posts and currently acting Directors are appointed
15.	Disclaimer reports may impact negatively on the reputation of the Municipality.	- Ineffective Records Management Policy - Poor Contract Management - Poor cash and cash equivalent - Lack of implementation of the AGSA recommendations	- Internal Audit and MFIP will follow up on the AG audit action plans. - Constant monitoring of applicable legislations and regulations. - Legal should develop a compliance framework. - Constant meetings with AGSA - Regular engagement with the Audit Committee	- The Finance department in consultation with the Internal Audit has developed an audit action plan to address the AGSA findings. - The compliance framework has not yet been developed - Constant meetings were held with AGSA
16.	Possibility of fraud and mismanagement of funds due to lack of proper internal controls may result to negative audit reports.	- Lack of discipline measures in place - Lack of Vetting of Staff - Inadequate monitoring of Disclosure of Interest - Inadequate implementation of applicable policies and Legislations	- Strengthening the internal control - Constant monitoring of applicable legislations and regulations. - Legal should develop a compliance framework - Review the Recruitment Policy to include a Vetting Paragraph of staff - Improve the monitoring of SCM Checklist - Verification of companies status to SCM Regulation compliance	- We have strengthened the internal control measures by developing a document control register - We are ensuring that we comply to relevant legislation and regulation - The compliance framework has not yet been developed - The recruitment policy is not yet reviewed to include the vetting of staff paragraph - The checklist is not yet developed - Companies status is being verified on a continuous basis
17.	Possibility of losing information	- Lack of ICT Framework - Lack of Business Continuity Plan - Lack of Master Sys Integrated Plan - Lack of ICT Committee - Lack of ICT Awareness	- Development and approval of the ICT - Approval of the ICT Policies and guidelines in place - policies and guidelines - Establishment of the ICT Committee - Development Bus Con Plan and Disaster Recovery Plan - Conduct awareness campaigns	- ICT policies have been developed and approved and the guidelines are in place - The ICT committee has only been established for the 2014/ 2015 financial year - The Business Continuity Plan has not been developed, but the Disaster Recovery has been developed - The Awareness Campaign were conducted to some of the relevant officials

Every key risk in each part of the municipality was included in a structured and systematic process of risk management. Risk management processes became embedded into the municipality's systems and processes, ensuring that responses to risk remain current and dynamic. All risk management efforts were focused on supporting the municipality's objectives by Ensuring compliance with relevant legislation, fulfilment and expectations of officials, communities and other stakeholders in terms of corporate governance.

Mitigating action plans, management processes and new risk exposures were monitored and updated on a consistently basis and quarterly reports were provided by management to the Audit Committee

Supply Chain Management

According to MFMA Section 111, each municipality must have a Supply Chain Management Policy which gives effect to the provisions of this Act, It further says under section 112, the policy of a municipality or municipal entity must be fair, equitable and transparent, competitive, cost effective and comply with the prescribed regulatory framework for Municipal Supply Chain Management. The Thaba Chweu Local Municipality has a supply chain policy that governs all financial management. The following committees have been established by council:

- Bid Specification Committee
- Bid Evaluations Committee
- Bid Adjudication Committee

It must be noted that the specification committee is not a standing committee but sits as in when there are specific projects to be done and it comprises of different people who are drawn from the affected departments from time to time.

Municipal By-laws

The municipal policies that are required for the transformation of the institution are not adequate to give effects to the required transformation needs from human resource and other resources and tools, financial resources and other tools including policies have a direct adverse impact the institutional development and transformation. Development and review of policies and sector plans have been proposed to address most of the critical challenges faced by the institution, sourcing of funds for the review of outdated policies has also become one of the most important agenda in the municipal transformation. The table presents a summary of policies/sector plans/by-laws within the municipality.

The List below presents Sector Plans, Policies and By-Laws

Discription	Status	Resolution number	Approval date
Asset Management Policy	Adopted	A47/2005	21 Oct 2005
Bad debt; writing off	Adopted	A80/2008	26 Jun 2008
Cemeteries	Adopted	A77/2012	30 Nov 2012
Credit control and Debt Collection Policy	Adopted	A53/2011	12 Dec 2011
Credit Control and Debt Collection Policy	Adopted	A50/2012	25 June 2012
Creditors Procedure Manual and Creditors Payment Policy	Adopted	A16/2011	22 Sep 2011
Customer Care	Adopted	A15/2009	26 March 2009
Disaster Management Plan	Adopted	A21/2007	29 March 2007
Dolomite Risk Management Strategy	Draft		
Electrical Master Plan	Adopted	A34/2014	16 April 2014
Employment Equity Policy	Adopted	A11/2007	29 Nov 2007
Fleet Management Revised Policy	Adopted	A165/2008	27 Nov 2008

Discription	Status	Resolution number	Approval date
Free basic electricity	Adopted	A/25/2004	03 Jun 2004
Geographic Information System Policy	Draft		
HIV/AIDS Strategy (2012-2015)	Adopted	A81/2012	30 Nov 2012
Housing Chapter	Draft		
Human Resource Standard Operation Procedures	Adopted	A29/2007	29 March 2007
Indigent Policy	Adopted	A50/2012	25 June 2012
Informal Trading	Adopted	A71/2012	30 Nov 2012
Integrated Policy	Adopted	A72/2012	30 Nov 2012
Integrated Waste Bylaw	Adopted	A73/2012	30 Nov 2012
Integrated Waste Management Plan	Adopted	A74/2012	30 Nov 2012
Internet and Computer Usage Policy	Adopted	A25/2006	29 Nov 2012
Investment policy	Adopted	A66/2009	25 Jun 2009
LED Strategy	Adopted	A22/2012	09 March 2012
Libraries	Adopted	A78/2012	30 Nov 2012
Museum & Game Reserve	Adopted	A75/2012	30 Nov 2012
Operational and Maintenance Registry (Grab 17)	Draft		
Pauper Funerals	Draft		
Draft Performance Management Framework Policy	Draft	A9/2014	12 April 2014
Performance Management Framework Policy	Adopted	A9/2014	16 April 2014
Public Health	Adopted	A76/2012	30 Nov 2012
Public Open Spaces	Adopted	A70/2012	30 Nov 2012
Public Participation Strategy	Adopted	A86/2012	30 Nov 2012
Rates Policy	Adopted	A67/2009	25 Jun 2009
Recreation and Sports Development	Adopted	A68/2012	30 Nov 2012
Recruitment Policy	Adopted	A90/2006	12 Dec 2006
Rental of Halls	Adopted	A69/2012	30 Nov 2012
Roads Master Plan	Adopted	A33/2014	16 April 2014
Tariff Policy	Adopted	A63/2009	25 Jun 2009
Spatial Development Framework	Adopted	A97/2008	2008
Supply Chain Policy	Adopted	A12/2011	22 Sept 2011
Water Service Development Plan	Draft		

In light of the above information the municipality recognizes its challenges and is doing its best to transform the situation through rearrangements and utilization of the available scarce resources to address and ensure the effectiveness and performance of the institution through these policies and plans.

Municipal Websites Compliance

It is a communications tool that seeks to attract people from different races and cultures regardless of their destination in the World. It is an electronic strategic tool that portrays to the world who Thaba Chweu Local Municipality really is and where is situated in South Africa, Mpumalanga Province.

In terms of Section 75 of the MFMA, municipal website should include the following:

Items	Status
The annual adjustments budgets and all budget related documents, all this document	uploaded
Budget policies	uploaded
Performance agreement in terms of Sec 57(1)(b) of the MSA	uploaded
Service delivery Agreement	uploaded
All long-term borrowing	Not uploaded (the municipality does not have any borrowing contracts during financial year 2014/15)
All supply chain management contracts above a prescribed value	uploaded
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4) during the previous quarter	uploaded
PPP agreement agreements referred in Section 120	Not uploaded (because the municipality did not enter into any contract)
All quarterly reports tabled in the council in terms of section 52(d) of the MFMA	uploaded

Municipality website:

www.thabachweu.gov.za

Public Satisfaction on Municipal Services

Thaba Chweu has not conducted the public satisfaction survey in the year under review.

All Municipal Oversight Committees

Section 79 Committees are Committees of Council established to monitor and play oversight role on the implementation of Council's resolutions. The Section 79 Committee meets once in two months to play such oversight. These Committees are chaired by non-executive Committee members. The table below presents a calendar dates/ schedule for Council and Committee Sitzings.

SECTION 79 COMMITTEES

Land Use Committee

Cllr. J.B. Nkosi – Chairperson
Cllr. M. Mahlangu
Cllr. P.P. Chima
Cllr. F. Essack (resigned)

Local Geographic Names Committee refer to Item A98/2013

Thaba Chweu Labour Forum

Cllr. M.C. Masilela – Chairperson
Cllr. M. Phoku
Cllr. F. Essack(resigned)

Rules Committee

Cllr. N.S. Sambo – Chairperson
Cllr. V.S. Magagula
Cllr. R. Malatjie
Cllr. A.K. Mathaila
Cllr. N.J. Van Vuuren

Agenda

Cllr. Executive Mayor

Cllr. Speaker
Director Corporate
Cllr. Chief Whip

Institute for Local Government Managers (ILGM)

Cllr. B.M. Ncongwane
Cllr. F. Essack (resigned)

Institute for Municipal Finance Officers (IMFO)

Cllr. B.M. Ncongwane
Cllr. J.H. Ligthelm

Institute for Municipal Administration in SA (IMASA)

Cllr. B.M. Ncongwane
Cllr. Q. Lawrence

Sport Committees

Cllr. R.P. Malatsi
Cllr. M.P. Mashego

Transport Forum

Cllr. M.C. Masilela
Cllr. I.T. Mokoena
Cllr. M. Phoku
Cllr. F. Essack

Health and Social Services

Cllr. I.T. Mokoena
Cllr. A.B. Rabie

Agriculture Services

Cllr. M.C. Masilela
Cllr. S.E. Molobela
Cllr. M.P. Mashego

Education

Cllr. N.S. Sambo
Cllr. N.J. Van Vuuren

Safety and Security

Cllr. S. Mashego
Cllr. M.N. Masimola
Cllr. J.A. Moelele

Salaries and Benefits

Mayor Cllr. B.M. Ncongwane
Speaker V.S. Magagula
Chief Financial Officer (Acting CFO)
Acting Municipal Manager

Medical Aids

- | | | |
|----|-----------|---------------------|
| a. | Bonita's | Cllr. R.P. Malatsi |
| b. | Keyhealth | Cllr. N.M. Masimola |
| c. | Hosmed | Cllr. F. Essack |
| d. | Samwumed | Cllr. M.P. Mashego |

SALGA (South African Local Government Association)

Cllr. B.M. Ncongwane
Cllr. V.S. Magagula
Acting Municipal Manager

SALGBC (SOUTH AFRICAN LOCAL GOVERNMENT BARGAINING COUNCIL)

Cllr. B.M. Ncongwane
Cllr. P.P. Chima
Cllr. N.J. van Vuuren
Cllr. V.S. Magagula

S.A. National Council for the Aged

Cllr. S. Sambo
Cllr. A.B. Rabie

Community Policing Forum

Lydenburg

Cllr. J.B. Nkosi
Cllr. N.J. van Vuuren

Sabie

Cllr. M.N. Masimola

Graskop & Pilgrim Rest

Cllr. R.P. Malatsi

Cllr. J.H. Ligthelm

Matibidi, Leroro & Moremela

Cllr. I.T. Mokoena

Cllr. M.P. Mashego

UCLGA (United Cities and Local Government Association)

Cllr. B.M. Ncongwane

Municipal Public Account Committee

Cllr. J.M. Kock - Chairperson
Cllr. J.A. Maolele
Cllr. S. Sambo
Cllr. S. Manzini
Cllr. N.J. van Vuuren
Cllr. J. Lekhuleni

Members of Audit Committee (Sec 166 MFMA)

Chairperson:

: Mr AC Kaizer
: Mr. A Dzuguda
: Mr BMM Madliwa
: Mr R Mnisi

Portfolio Committee

Finance & Technical

Cllr. M.C. Masilela – Chairperson
Cllr. J.H. Ligthelm
Cllr. S. Manzini
Cllr. S.N. Sambo
Cllr. M. Phoku
Cllr. F. Essack (Resign)
Cllr. J. Mkhize

LED Tourism and IDP & Social Development

Cllr. I.T. Mokoena – Chairperson
Cllr. A.K. Mathaila
Cllr. F. Essack
Cllr. M. Mahlangu
Cllr. S.A. Manzini
Cllr. Q. Lawrence

Corporate Services & Human Settlement

Cllr. M.T. Mashego – Chairperson
Cllr. M. Phoku
Cllr. J.B. Nkosi
Cllr. N.J. van Vuuren
Cllr. N. Masemola
Cllr. J.A. Maolele
Cllr. R.P. Malatjie

Representation on Institutions

Pension Fund

1. Joint Municipal Pension Fund
2. Municipal Gratuity Fund
3. Municipal Employees Pension Fund (Cllr. V.S. Magagula)
4. Municipal Councillors Pension Fund (Cllr. A.K. Mathaila)
5. SALA Pension Fund (Cllr. F. Essack)
6. SAMWU Pension Fund

Deployment of PR Councillors into Different Wards

Ward 1	Cllr. M.T. Mashego Cllr. P.M. Mashego
Ward 2	Cllr. A.K. Mathaila Cllr. A.B. Rabie
Ward 3	Cllr. J.B. Nkosi Cllr. V.S. Magagula
Ward 4	Cllr. S.A. Manzini Cllr. J.A. Maolele
Ward 5	Cllr. M. Mahlangu Cllr. V.M. Phoku
Ward 6	Cllr. J. Mkhize

	Cllr. M.C. Masilela
Ward 7	Cllr. J. Lekhuleni Cllr. P.R. Malatjie
Ward 8	Cllr. S.E. Molobela Cllr. P.P. Chima
WARD 9	Cllr. I.T. Mokoena Cllr. J.H. Ligthelm
WARD 10	Cllr. Q.P.B. Lawrence Cllr. V.S. Magagula
WARD 11	Cllr. M.N. Masemola Cllr. M.M. Mohlala
WARD 12	Cllr. N.J. van Vuuren Cllr. B.M. Ncongwane
WARD 13	Cllr. J.M. Kock Cllr. S. Mashigo
WARD 14	Cllr. F. Essack Cllr. N.S. Sambo

Performance Report IDP

Integrated Development Planning and Performance Management were introduced to realize the developmental objectives of Thaba Chweu Local Municipality. The IDP provides a direction for development and informs strategic decisions. Performance management ensures that the desired results are achieved during IDP implementation i.e. through SDBIP to ensure the correctness of the strategic direction of the objectives, strategies and projects and programmes are achieved. Performance management is a strategic approach to management, which equips leaders, managers, workers and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organisation in terms of indicators and targets for efficiency, effectiveness impact.

TCLM has a performance management system in place and a position has been filled. PMS officer will be responsible for PMS, the municipality has also advertised other critical positions affecting the IDP including the section 56 and 7 positions and other critical positions. A Performance Management System (PMS) entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement review, reporting and improvement will be conducted, organized and managed, including determining the different role players and their responsibilities.

Service Deliver and Budget Implementation Plan 2014/15

In terms of Section 15 of the MFMA, a municipality may except where otherwise provided in this Act, incur expenditure only in terms of approved budget and within the limits of the amounts appropriated for the different votes in an approved budget.

Reporting on the SDBIP

Regular performance reporting is done in terms of the SDBIP. The MFMA outlines a series of reporting requirements. Both the Executive Mayor and the Accounting Officer have clear roles to play in preparing the reports to monitor performance in terms of the SDBIP.

Section 79 Oversight Committees also have an important role to play in this regard. The reports should enable councillors to monitor the performance and implementation of Service Delivery programmes.

Quarterly Reporting

Section 52 (d) compels the Executive Mayor to submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality within 30 days of the end each quarter.

The quarterly's performance projections captured in the SDBIP forms the basis for the Executive Mayor's quarterly reports.

Based on the outcomes of the mid-year budget and performance assessment report, an adjustment budget has been tabled and the SDBIP revised. The SDBIP remains a kind of contract that holds the municipality accountable to the community.

The quarterly reporting is meant to assist the municipality in realizing its IDP objectives that covers most issues raised by communities during IDP consultative meetings; this tool provides the actual work by municipal officials. The primary purpose quarterly report is to give effect to municipal budget as well as to respond to service delivery issues particularly those that are non-budget or requires no or little budget. The purpose of the set targets assist in providing feedback information for oversight players with regard to the overall municipal mandate which is largely service delivery and development. Such reports form of public consultative meetings for feedback purpose of service delivery.

General Challenges encountered by the PMS office on SDBIP reporting

- Regular change of section 56 and 7 managers,
- Lack of ownership of the departmental SDBIP or Departmental Performance Plans (DPP) which causes non-reporting on the SDBIPs,
- Late reporting every quarter which causes the delay in submission of this reports to the municipal manager,
- Adherence to the SDBIP targets,
- Clear reporting as per the set targets in the SDBIP,
- Lack of portfolio of evidence,
- Misalignments of reporting in terms targets, budget and indicators,

Given the outlined challenges it was therefore recommended that the municipal manager deems all quarterly reports important as these challenges would ultimately amount to failure of achievements of the IDP objectives and ultimately the council vision.

A caution to all senior managers about the importance and ownership of the departmental SDBIP/DPP was outlined in the quarterly reports critical to avoid adverse impact on the achievement of the IDP objectives.

1.8.1 Internal Auditing and Risk Management

The internal audit function plays an important role in supporting the Municipal's operations. It provides assurance on all the important aspects of risk management strategy and practices, management control frameworks and practices and governance.

The Standard for the Professional Practice of Internal Audit number 2100 stipulates that the role of the internal audit function is to add value, evaluate and improve the organization's risk management, control and governance processes. The internal audit function must also provide assurance that the systems of internal controls are adequate and effective to manage the risk at a level that is acceptable to management.

Internal control is defined broadly and encompasses those elements of an organization (including its resources, systems, processes, culture, structure and tasks) that taken together support the achievement of the organizational objectives.

The scope of the internal audit function is broad and includes those systems of internal controls that are in place to achieve the following objectives:

1.8.2 Internal audit

The unit was established in July 2011 and comprise of two officials (Manager and Internal Auditor)

The objectives of the unit are:

- To provide independent, objective assurance and consulting services,
- To assess and evaluate the municipal performance information,
- To evaluate and improve the effectiveness of ICT controls,
- To develop the three year rolling internal audit plan,
- To perform ad-hoc assignment as requested by council and management,
- To ensure uniform implementation of internal audit process and structured,
- To coordinate the activities of the audit committee,
- To interact with all spheres of government.

1.8.3. Risk Management

The municipality has recently established the Risk Management Unit and absorbed one intern to work as a Risk Officer reporting to the Manager Internal Audit until the appointment of a Chief Risk Officer. The post of the Chief Risk Officer has been advertised and appointment will be done during the financial year 2014-15.

The Risk Assessment for the 2014-15 was conducted late due to the staff capacity in the Risk Management Unit, resulting to the municipality requesting the Provincial Treasury to assist in updating the Strategic Risk Register while the Manager Internal Audit and the National Treasury Financial Advisory assisted in conducting the updating of the operational Risk Registers. The Risk Assessment Report will be tabled to the Audit Committee in their next meeting and also tabled to council for noting.

Objectives

- Implementation of purposeful, systematic risk identification, risk assessment, risk evaluation and risk mitigation management strategies to ensure the achievement of entity goals and objectives including adhering to the municipality's mandate,
- The identification of risk mitigation strategies and controls to reduce risk expose, and improve the management of significant and cross entity,
- Regular assessment, evaluation and prioritisation of risks with a view to ensure optimal risk management and related results, and
- Enable entity wide risk management within the strategic and operational activities of TCLM and ensure that it becomes part of its corporate culture.

The following are the risks identified in 2014/15 FY affecting the Integrated Development Plan implementation:

- Alignment of the IDP to the Organisational Structure of the municipality,
- Lack of Sector Plans resulting to the IDP not to be credible,
- Lack of Human resources capacity in the IDP/PMS unit resulting to the unit not achieving the set objectives and goals,

- Inadequate community and municipal official involvement in the IDP preparation process,
- Inadequate funds to implement a priority projects in the IDP,
- Lack of Budget allocation for the IDP processes.

The appointment of the Chief Risk Officer will ensure proper coordination of the Risk Management in the municipality which will directly contribute to objective of good governance leading to the achievement of the government's goal of a clean audit.

1.8.4. Audit Committee

The audit committee is an independent advisory body which must advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to:

- Internal financial control and internal audits
- Risk Management
- Accounting policies
- The adequacy, reliability, and accuracy of financial reporting and information
- Performance management

By ensuring effectiveness of governance and compliance with the MFMA, DORA and other applicable legislation, the municipality uses the shared services from EDM which consists of four audit committee members.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (Part I)

3.1. Grants Received

Grant Type	DoRA Allocation 2014/15 'R'	Received this year 'R'	Expenditure 'R'
Finance Management Grant (FMG)	1 600 000,00	1 600 000,00	1 600 000,00
Municipal Systems Improvement Grant(MSIG)	934 000,00	934 000,00	934 000,00
Expanded Public Works Programme (EPWP)	1 657 000,00	1 657 000,00	1 657 000,00
Municipal Infrastructure Grant (MIG)	57 004 000,00	57 004 000,00	45 000 400,00

3.2. Annual Performance Report see tables on the following page

Table Directives

Not Achieved



Achieved



THABA CHWEU LOCAL MUNICIPALITY												
ORGANISATIONAL PERFORMANCE REPORT SDBIP 2014-15												
Project ID	Objective	Baseline	Project Name	Project Location	Indicator	Annual Target	Budget & Funding Source		Actual Performance	Actual Expenditure by end of June 2015	Means of Verification	Achieved/Not Achieved
							Opex	Capex				
KPA: Basic Service Delivery and Infrastructure Development												
Strategic Objective: Provide Access to Basic Services												
A. Water & Sanitation												
	To Improve the quality of dilapidated infrastructure for an improved access to water	Aging Infrastructure (1730 HH without access to water)	Replace 150mm φ asbestos bulk pipe line supplying X3 Town reservoirs with 315mm φ PVC pipes (Length=15 000m) in Sabie, Simile and Harmony Hill	6 & 7 (Sabie)	Length of pipes to refurbished/replaced	Replacement of 2.9 km of pipeline by end of June 2015	R 7 644 572 (MIG)		2.9KM replaced	R6 599 345.53	Annexure (Payment Certificate)	Achieved
	To Improve the quality of dilapidated infrastructure for an improved access to water	Aging Infrastructure (1730 HH without access to water)	Replace 400, 200, 150 & 100 mm φ asbestos bulk pipe line supplying reservoirs with 315 mm φ PVC pipes (Length=30 000m) in Lydenburg, Mashishing, Kellys Ville and Skhila	1, 2, 3, 5c, 12 & 14 (Mashishing/Lydenburg, Skhila and Kelly's Ville	Length of pipes to refurbished/replaced	Replacement of 12km of pipeline by end of June 2015	R 32 258 073 (MIG)		12KM replaced	R33 275 824.70	Annexure (Payment Certificate)	Achieved
	To Improve the quality of dilapidated infrastructure for an improved access to water	Aging Infrastructure	Replacement of bulk asbestos cement pipe lines in Graskop	GRASKOP	Length of pipes to refurbished/replaced	Replacement of 1.1 km of pipeline by end of June 2015	R 3 247 959 (MIG)		1.1KM replaced	R3 239 523.51	Annexure (Payment Certificate)	Achieved
3823/0000	Maintain WWTP & WTP (plants), pipelines (sewer & water), pump stations.	Aging Infrastructure (1730 HH without access to water)	Networks; Reticulation	All 14 Wards	Number of WWTP Refurbished/main-tained	4 WWTP refurbished/main-tained by 30 June 2015	R 1 491 992		3 Maintained	R640 115.62	Annexure (Invoices)	Achieved
3824/0000	Maintain main pipelines (sewer & water).	Aging Infrastructure (1730 HH without access to water)	Networks; Bulk	All 14 Wards	% of responses to the notification of burst pipes	100% response to the notification of burst pipes by 30 June 2015			100% response	R 851 876.38	Annexure (Invoices)	Achieved

THABA CHWEU LOCAL MUNICIPALITY												
ORGANISATIONAL PERFORMANCE REPORT SDBIP 2014-15												
Project ID	Objective	Baseline	Project Name	Project Location	Indicator	Annual Target	Budget & Funding Source		Actual Performance	Actual Expenditure by end of June 2015	Means of Verification	Achieved/Not Achieved
							Opex	Capex				
B. Roads, Storm Water and Related Maintenances												
3829/0000	Maintenance of streets in Thaba Chweu Municipality	Aging Infrastructure (56.1% Tarred)	Maintenance Street, Pavements & Storm water	* Viljoen Street	Number of streets maintained	5 Streets maintained by 30 June 2015	R 7 862 973.816		5 Streets maintained by 30 June 2015	R7 632 843.00	Annexure (Invoices)	Achieved
				* Kerk Street								
				* Portgieter Street								
				* De Clerq Street								
				* Burhman Street								
C. Electrical												
0540/3823/000	Improve the quality traffic management	8 traffic lights in poor condition	Upgrade of traffic lights	Mashishing/Lydenburg	Number of traffic lights upgraded	8 traffic lights upgraded by 30 June 2015	R 6 813 317		8 robots done	R 360 000	Annexure (Invoices)	Achieved
0550/3831/0000	Improve visibility at night	Street lights and High Mast lights not working	Maintenance of street lights	Mashishing/Lydenburg	Number of street lights and high mast lights repaired	10 high mast light & 100 street lights repaired by 30 June 2015	R 6 813 317		10 high mast done	R276 000	Annexure (Invoices)	Not Achieved
0550/3831/0000	Improve visibility at night	Street lights and High mast lights not working	Maintenance of street lights	Sabie	Number of street lights and high mast lights repaired	6 High Mast & 50 Street lights repaired by 30 June 2015	R 6 813 317		100 Streetlights	R 163 654.10	Annexure (Invoices)	Not Achieved
0550/3831/0000	Improve visibility at night	Street lights not working	Maintenance of street lights	Graskop	Number of street lights repaired	50 Street lights repaired by 30 June 2015	R 6 813 317		73 Streetlights	R87 672.40	Annexure (Invoices)	Achieved
0550/3831/0000	Improve visibility at night	1470 Streetlights and high mast lights not working	Maintenance of streetlights and High mast lights	Matibidi, Leroro and Moremela	Number of street lights and high mast lights repaired	8 High mast & 500 Street lights repaired by 30 June 2015	R 6 813 317		7 High mast done	R102 112.65	Annexure (Invoices)	Not Achieved

THABA CHWEU LOCAL MUNICIPALITY												
ORGANISATIONAL PERFORMANCE REPORT SDBIP 2014-15												
Project ID	Objective	Baseline	Project Name	Project Location	Indicator	Annual Target	Budget & Funding Source		Actual Performance	Actual Expenditure by end of June 2015	Means of Verification	Achieved/Not Achieved
							Opex	Capex				
KPA: Spatial Rationale and Planning												
Strategic Objective: Good Governance												
A. Town Planning												
Ex/Fun/DRDLR	Approved TCLM Reviewed SDF	TCLM SDF 2008	Thaba Chweu Local Municipality Spatial Development Framework (SDF)	TCLM	Review and approval of the SDF by council	SDF reviewed and approved by council by 30 June 2015	Ex/Fun/DRDLR	Ex/Fun/DRDLR	Project completed by end of June 2015	Ex/Fun/DRDLR	Annexure (SDF Doc & Council Resolution)	Achieved
Ex/Fun/DRDLR	Dolomite Risk Mitigation	Dolomite assessment desktop report	Dolomite Risk assessment study (Sabie & Graskop)	TCLM	Number of Dolomite Stability Report submitted	2 Dolomite stability report submitted by 30 June 2015	Ex/Fun/DRDLR	Ex/Fun/DRDLR	Project completed by end of June 2015	Ex/Fun/DRDLR	Annexure (Dolomite Risk Mitigation Study & Council Resolution)	Achieved
KPA: LED												
A. EPWP												
4495/0000	Job creation		Thaba Chweu Roads projects	TCLM	Number of jobs to be created	30 Jobs created by 30 June 2015	R 2 973 331		145 Jobs created by end of June 2015	R 2 973 331	Annexure (Appointment Report for EPWP employees)	Achieved
4495/0000	Job creation		Security for municipal assets	TCLM	Number of jobs to be created	30 Jobs created by 30 June 2015	R 2 973 331		145 Jobs created by end of June 2015	R 2 973 331		Achieved
4495/0000	Job creation		Cleaning of Municipal Buildings	TCLM	Number of jobs to be created	20 Jobs created by 30 June 2015	R 2 973 331		145 Jobs created by end of June 2015	R 2 973 331		Achieved
4495/0000	Job creation		Thaba Chweu Waste Collection Project	TCLM	Number of jobs to be created	15 Jobs created by 30 June 2015	R 2 973 331		145 Jobs created by end of June 2015	R 2 973 331		Achieved

THABA CHWEU LOCAL MUNICIPALITY

ORGANISATIONAL PERFORMANCE REPORT SDBIP 2014-15

Project ID	Objective	Baseline	Project Name	Project Location	Indicator	Annual Target	Budget & Funding Source		Actual Performance	Actual Expenditure by end of June 2015	Means of Verification	Achieved/Not Achieved
							Opex	Capex				
4495/0000	Job creation		Thaba Chweu Greening Project	TCLM	Number of jobs to be created	20 Jobs created by 30 June 2015	R 2 973 331		145 Jobs created by end of June 2015	R 2 973 331		Achieved
4495/0000	Job creation		Park and Cemeteries Project	TCLM	Number of jobs to be created	15 Jobs created by 30 June 2015	R 2 973 331		145 Jobs created by end of June 2015	R 2 973 331		Achieved
4495/0000	Job creation		Tourism ambassadors	TCLM	Number of jobs to be created	15 Jobs created by 30 June 2015	R 2 973 331		145 Jobs created by end of June 2015	R 2 973 331		Achieved
4495/0000	Job creation		Control room operator	TCLM	Number of jobs to be created	25 Jobs created by 30 June 2015	R 2 973 331		145 Jobs created by end of June 2015	R 2 973 331		Achieved
B. Local Economic Development (TCLM)												
Ext/Fun/M	Job Creation through Community Development	Unemployment rate 20.49 as at 2011	Construction of a library	Spekboom Farm (Ward 13)	Number of jobs to be created	20 jobs to be created by 30 June 2015	SLP Project	SLP Project	Construction of library completed and 20 jobs to be created by 30 June 2015	SLP Project	Annexure (Pictures)	Achieved
Ext/Fun/M	Job Creation through Community Development	Unemployment rate 20.49 as at 2011	Establishment of a chicken Farm	Mashishing (Ward 1,2&3)	Number of jobs to be created	10 job to be created by 30 June 2015	SLP Project	SLP Project	Chicken Farm established and 10 job to be created by 30 June 2015	SLP Project	Annexure (Pictures)	Achieved
Ext/Fun/NG	Job Creation through Community Development	Unemployment rate 20.49 as at 2011	Redevelopment of Mashishing Park	Mashishing (Ward 1,2&3)	Number of jobs to be created	80 jobs to be created by 30 June 2015			Mashishing park development in process and 80 jobs to be created by 30 June 2015		Annexure (Pictures)	Achieved
Ext/Fun/M	Job Creation through Community Development	Unemployment rate 20.49 as at 2011	Paving of Ondenwys & Skoller Street. (Phase Two)	Mashishing (Ward 1,2&3)	Number of jobs to be created	20 jobs to be created by 30 June 2015	SLP Project	SLP Project	Ondenwys & Skoller street paved and 20 jobs to be created by 30 June 2015	SLP Project	Annexure (Pictures)	Achieved

THABA CHWEU LOCAL MUNICIPALITY												
ORGANISATIONAL PERFORMANCE REPORT SDBIP 2014-15												
Project ID	Objective	Baseline	Project Name	Project Location	Indicator	Annual Target	Budget & Funding Source		Actual Performance	Actual Expenditure by end of June 2015	Means of Verification	Achieved/Not Achieved
							Opex	Capex				
B. Local Economic Development (THALEDA)												
	Monitoring of THALEDA's Performance Plan	4 reports obtained in the 2014/15 FY	THALEDA's performance plan for 2014/15	TCLM	Number of reports obtained from THALEDA	4 quarterly reports obtained from THALEDA by 30 June 2015			Report submitted and verified		Annexure (THALEDA's Annual Performance Report 2014/15 FY)	Achieved
KPA: Good Governance and Public Participation												
Strategic Objective: Good Governance												
A. HIV/AIDS												
4599/0000	To strengthen the functionality of the structures for Ward AIDS Council in the Municipality	4 WAC Meetings as at 30 June 2014	WAC Quarterly Meetings	All Wards in TCLM	Number of WAC meetings held	56 WAC Meetings held by 30 June 2015	R 100 000		Only one WAC in ward 09	R 100 000	Annexure (Attendance Register)	Not Achieved
4599/0000	To strengthen the functionality of the structures for Local AIDS Council in the Municipality	4 LAC Meetings as at 30 June 2014	LAC Quarterly Meetings	TCLM	Number of LAC meetings held	4 LAC Meetings held by 30 June 2015	R 100 000		04 LAC Council held by end of June 2015	R 100 000	Annexure (Attendance Register)	Achieved
4599/0000	Reduce the impact of HIV/AIDS infection ,STI by ensuring access to condoms, and reduction of sexual partners	3 comprehensive campaigns held in the 2014/15 FY	Comprehensive campaigns	TCLM	Number of campaigns on HIV/AIDS, STIs & TB held	4 HIV/AIDS, STIs & TB campaigns held by 30 June 2015	R 100 000		04 HIV/AIDS, STIs & TB Campaigns held by end of June 2015	R 100 000	Annexure (Attendance Register)	Achieved
4599/0000	Reduce the impact of HIV/AIDS from mother to child transmission	4 PMTCT Community Dialogues held in the 2014/15 FY	awareness Campaigns and scale up access to PMTCT, for infected and affected women	TCLM	Number of awareness campaigns held on PMTCT	4 PMTCT community dialogues held by 30 June 2015	R 100 000		4 PMTCT community dialogues held by 30 June 2015	R 100 000	Annexure (Attendance Register)	Achieved
4599/0000	Reduce the impact of HIV/AIDS to communities	None - New indicator	WAC Activities	Ward 4,5,6,9,11 and 13	Number of HIV/AIDS activities held within the WAC's	6 x HIV/AIDS activities by 30 June 2015	R 100 000		6 x HIV/AIDS activities held by 30 June 2015	R 100 000	Annexure (Attendance Register)	Achieved
4599/0000	Sustain health and wellness of the employee / community	Need analyses on workplace enforcement	Employee wellness	TCLM	Number of Employee wellness programmes implemented	4 Employee wellness programmes implemented by 30 June 2015	R 100 000		4 Employee wellness programmes implemented by 30 June 2015	R 100 000	Annexure (Attendance Register)	Achieved

THABA CHWEU LOCAL MUNICIPALITY

ORGANISATIONAL PERFORMANCE REPORT SDBIP 2014-15

Project ID	Objective	Baseline	Project Name	Project Location	Indicator	Annual Target	Budget & Funding Source		Actual Performance	Actual Expenditure by end of June 2015	Means of Verification	Achieved/Not Achieved
KPA: Financial Viability							Opex	Capex				
Strategic Objective: Revenue Enhancement and Financial Viability and management to increase revenue base												
A. Revenue Unit												
Operations	Reduce debtors balances and enhance revenue		Collection of outstanding top 100 debtor balances	TCLM	% of the top 100 debtors balances reduced	Reduce the top 100 debtors balances by 25% by 30 June 2015			1) Implementation of Debt relief scheme in order to reduce debtors and to enhance timely payment of accounts by consumers 2) Writing Off of the parked amount which had been deemed irrecoverable 3) Conduct Continuous electricity cut-offs for non-paying clients 4) Actual performance has been minimal despite various attempts by management to reduce the debt book as the overall debt book has increased during the 2014/15 Financial Year	Operational Expenditure	Annexure [(1) Debt Relief Final Report 2)Parked amount write off council resolution 3) Age Analysis 14/15]	Not Achieved
Operations	Reduce debtors balances and enhance revenue	Decreased outstanding councillor & municipal officials accounts	Collection of outstanding Councillor and municipal officials account	TCLM	% of debts collected from the Officials/Councillors owing	Agreed amounts to be paid divide by the total amount owing as at 30 June 2014			1) All councillor accounts are up to date 2) All employees have reasonable payment arrangements which are being honoured on a monthly basis	N/A	Annexure (Report on employees and councillors accounts)	Achieved

THABA CHWEU LOCAL MUNICIPALITY												
ORGANISATIONAL PERFORMANCE REPORT SDBIP 2014-15												
Project ID	Objective	Baseline	Project Name	Project Location	Indicator	Annual Target	Budget & Funding Source		Actual Performance	Actual Expenditure by end of June 2015	Means of Verification	Achieved/Not Achieved
							Opex	Capex				
B. Budget and Treasury												
0201/4201/0000	To obtain an unqualified audit opinion	Disclaimer audit opinion	Implementation of financial management Practices	TCLM	Unqualified audit opinion for 2014/15 FY	Unqualified Audit Opinion for 2014/15 FY by 30 December 2014	R 7 130 387		1)Annual Financial Statements have been prepared 2) Annual Financial Statements are free from any material misstatements 3) Asset Register has been finalized and audited by our I/A	R 1 000 000	Annexure [(1) Draft Final AFS 2) Final Asset Register]	Achieved
KPA: Institutional Transformation and Organisational Development												
Strategic Objectives: Improve resource management, Good governance												
A. Human Resources												
HR/opex	To ensure that all section 57 posts are filled	4 vacant positions during 2013/2014 financial year	Filling section 57 posts	TCLM	Number of Section 56 posts filled	4 Section 56 posts filled by 30 June 2015			Only two section 57 managers appointed (Director Community Services and CFO)	0	Annexure (Appointment letters)	Not Achieved
HR/opex	To improve performance monitoring and evaluation	Nil	performance Agreements (MM); directors: community service, Technical, Corporate & CFO)	TCLM	Section 54 & 56 Manager's Performance Agreement signed within the regulated period.	Section 54 & 56 Performance Agreement signed within 60 days of employment.			All section 56 managers signed performance agreements		Annexure (Copies of performance agreement)	Achieved

THABA CHWEU LOCAL MUNICIPALITY												
ORGANISATIONAL PERFORMANCE REPORT SDBIP 2014-15												
Project ID	Objective	Baseline	Project Name	Project Location	Indicator	Annual Target	Budget & Funding Source		Actual Performance	Actual Expenditure by end of June 2015	Means of Verification	Achieved/Not Achieved
							Opex	Capex				
B. Integrated Development Planning												
IDP/2014/15	To implement the 2014/15 process plan and adopt the 2015/16 IDP within the legislative time frame	2014/15 IDP Process Plan implemented	Implementation of the 2014/15 process plan	TCLM	% implementation of the IDP Process Plan	100% implementation of the IDP Process Plan by 30 June 2015	0	0	90% of the process plan implemented. The other 10% outstanding is due to the performance reports not submitted	0	Annexure (Process Plan status Quo)	Not Achieved
SDBIP/2014/15	Development and Implementation of the SDBIP 2014-15 FY	Continuous SD-BIP 2014-15 FY development and implementation	Implementation of an SDBIP 2013-14	TCLM	Number of reports on the implementation of the 2014/15 SDBIP submitted to Management	4 quarterly reports on the implementation of the 2014/15 FY SDBIP submitted to Management by 30 June 2015	0	0	First and Second Quarter Reports submitted to Council in January 2015, Third and Fourth Quarterly Reports only Community Services directorate submitted out of all the directorates	0	Annexure (Mid-Year assessment Report)	Not Achieved

Previous Years Performance Report

Performance Information on Capital Projects 2014/15						
Strategic Objective	Project Name	Name of Service Providers	Project Location	Budget & Funding Source	Total Expenditure	Target Met/Not Met
Provide Access to Basic Services	1. Water & Sanitation					
	Refurbishment of W&WTW (Lydenburg, Sabie and Graskop)	Schedule 6 (b) Info with DWA	Lydenburg (Ward 12 & 14) Sabie (Ward 10) and Graskop (Ward 06/07)	R 7 441 000 (MWIG)	R 7 441 000 (MWIG)	Met
	Refurbishment of Boreholes In Leroro, Moremela and Matibidi	Schedule 6 (b) Info with DWA	Leroro, Moremela and Matibidi (Ward 09 & 08)	R 2 000 000 (DWA)	R 2 000 000 (DWA)	Met
	Upgrading of Coromandel WTW		Coromandel (Ward 04)	R 1 000 000 (DWA)	R 1 000 000 (DWA)	Met
	War on water leaks	Schedule 6 (b) Info with DWA	Lydenburg/Mashishing (Ward 12, 14, 01, 02, & 03)	R 2,5 00 000 (DWA/ACIP)	R 2,5 00 000 (DWA/ACIP)	Met
	Provision of water services in Kiwi	Mihandzu Consulting & Bonatea Investments	Kiwi (Ward 05)	R 4 970 407.86 (MIG)	R 4 970 407.86 (MIG)	Met
	Provision of water services in Draaikraal	Mihandzu Consulting & Bonatea Investments	Draaikraal (Ward 05)	R 4 156 309.10 (MIG)	R 4 156 309.10 (MIG)	Met
	2. Roads					
	Refurbishment of roads in (Draaikraal, Shaga, Matibidi, Leroro & Moremela)	Mihandzu Consulting & Bonatea Investments. Yandasi Investments & Ibutho Projects	Draaikraal, Shaga, Matibidi, Leroro, Moremela (Ward 05, 08 & 09)	R 21 407 617.22 (MIG)	R 21 407 617.22 (MIG)	Met
	3. Electrical					
	Highmast Lights in Various Areas (Draaikraal, Shaga, Matibidi, Leroro & Moremela)	Siyadavuzza General Trading	Draaikraal Shaga (Ward 05) Matibidi Leroro & Moremela (Ward 08 & 09)	R 2 942 791.50 (MIG)	R 2 942 791.50 (MIG)	Met
	Electrification of Boschhoek and Badfontein	MNP Consulting & Leshita Consulting	Ward 4 and 5	R 1 900 000 (INEP)	R 500 000 (INEP)	Not Met
	4. Social Services					
	Fencing of municipal cemeteries	Malo Contractors cc	Ward 3, 5, 7, 8, 9, 10 (Mashishing, Matibidi, Leroro, Moremela, Sabie)	R 5 547 111.07 (MIG)	R 5 547 111.07 (MIG)	Met
						Impact Outcomes
						Schedule 6 (b) Info with DWA
						Schedule 6 (b) Info with DWA
						Schedule 6 (b) Info with DWA
						Schedule 6 (b) Info with DWA
						202 Households benefited
						501 Households benefited
						6.33km road paved
						10 Highmast installed
						No households connection has been done
						04 Cemeteries fenced

Performance Information on Capital Projects 2014/15						
Strategic Objective	Project Name	Name of Service Providers	Project Location	Budget & Funding Source	Total Expenditure	Target Met/Not Met
LED	5. EPWP					
	Municipal Operation and Maintenance Projects		Lydenburg, Sabie and Graskop	R 1000 000 (Dept of Public Works)	R 1 000 000	Met
	6. LED (Social Labour Plan Projects)					
	Paving of Onderwys & Skolier Street.	Unknown because is funded outside the municipality	Mashishing (Ward 01, 02 & 03)	R 1 200 000(Dwaars River Mine)	Unknown because is funded outside the municipality.	Not Met
	Refurbish of day care centre	Unknown because is funded outside the municipality	Mashishing (Ward 01, 02 & 03)	R 200 000 (Dwaars River Mine)	None	Met
	Support of bakery Cooperative	Unknown because is funded outside the municipality	Mashishing (Ward 01, 02 & 03)	R 60 000 (Two Rivers Mine)	None	Met
	Upgrade of school project	Unknown because is funded outside the municipality	Sperkboom Primary School (Ward 13)	R 410 000 (SAMREC)	Unknown because is funded outside the municipality	Not Met
	Construction Enterprise Development	Unknown because is funded outside the municipality	Mashishing (Ward 01, 02 & 03)	R 240 000 (SAMREC)	240 000	Met
	Poultry farming project	Unknown because is funded outside the municipality	Mashishing (Ward 03)	R 280 000 (SAMREC)	R 10 000	Not Met
						144 Jobs Created
						10 Jobs Created
						10 Jobs Created
						05 Jobs Created
						None
						07 Jobs Created
						None

3.3. Service Delivery Trend on Projects Funded by Grants since 2011

2011/12 Financial Year				2012/13 Financial Year				2014/15 Financial Year			
Project	Location	Expenditure	Status	Project	Location	Expenditure	Status	Project	Location	Expenditure	Status
1. Water											
Provision of borehole pumps and rising main to Mashishing Reservoir	Ward 01, 02, 03, 12 & 14 (Mashishing/Lydenburg)	R 2 046 277 00	Completed (3131 House Holds)					Provision of water services in Kiwi	Ward 05 (Kiwi)	R 4 970 407.86 (MIG)	Completed (202 House Holds)
Shaga Water Bulk Supply	Ward 05 (Shaga)	R 1 235 748 79	Completed (1372 House Holds)					Provision of water services in Draaikraal	Ward 05 (Draaikraal)	R 4 156 309.10 (MIG)	Completed (501 House Holds)
Provision of Water Bulk Supply and Reticulation to the Draaikraal settlement	Ward 05 (Draaikraal)	R 2 051 630 71	Complete (1372 House Holds)								
Provision of Water reticulation to Leroro	Ward 09 (Leroro)	R 2803 23200	Completed (3866 House Holds)								
Provision of bulk water and reticulation to Kanana; Moremela	Ward 09 (Moremela)	R 7 521 517 75	Completed (3866 House Holds)								
2. Roads											
Upgrade of Voortrekker Street	Ward 12 & 14 (Mashishing/Lydenburg)	R 6 077 124 79	Completed (1010 House Holds)	Provision of paved roads in Draaikraal	Ward 05 (Draaikraal)	R 2 100 212.23	Completed (1200 House Holds)	Refurbishment of roads in (Draaikraal, Shaga, Matibidi, Leroro & Moremela)	Ward 08, 09 & 05	R 21 407 617.22 (MIG)	Completed (6.33km paved)
Coromandel low water bridge	Ward 04 (Coromandel)	R 7 101 623 00	Completed (3835 House Holds)	Refurbishment of roads (in all TCLM wards [Draaikraal, Shaga, Matibidi, Leroro and Moremela])	Ward 08, 09, 04, 05 & 13	R 5 600 996.93	Completed (4663 House Holds)				
				Paving of Grootfontein Road	Ward 07 (Sapie)	R 1 424 415.73	Completed (4431 House Holds)				
3. Electricity											
Coromandel Installation of Street lights	Ward 04 (Coromandel)	R 3 5548200	Completed (1372 House Holds)	High mast lights in various areas	Ward 08, 09 & 05	R 4 022 491. 04	Completed (7748 House Holds)	Highmast Lights in Various Areas (Draaikraal, Shaga, Matibidi, Leroro&Moremela)	Ward 08, 09 & 05	R 2 942 791.50 (MIG)	Completed (10 Highmast Lights Installed)

2011/12 Financial Year				2012/13 Financial Year				2014/15 Financial Year			
Project	Location	Expenditure	Status	Project	Loca- tion	Expenditure	Status	Project	Location	Expenditure	Status
Mashishing installation of Street lights Ext 02	Ward 01,02, 03, 12 &14)	R 3 549 345 54	Completed (2859 House Holds)					Electrification of Boschhoek and Badfontein	Ward 05 (Boschoek & Badfontein)	R 500 000 (INEP)	Completed
4. Sanitation											
Thaba Chweu Rural Sanitation project phase one (01)	Ward 08, 09, 04, 05 & 13	R 4 535 394 43	Completed	Thaba Chweu rural sanitation project phase two (02)	Ward 08, 09 & 05	R 9 682 454,00	Completed (900 House Holds)				
Thaba Chweu Rural Sanitation project phase one (11)	Ward 08, 09, 04, 05 & 13	R 3 167 394 54	Completed								
5. Other											
								Fencing of municipal cemeteries	Ward 3, 5, 7, 8, 9, 10 (Mashishing, Matibidi, Leroro, Moremela, Sabie)	R 5 547 111.07 (MIG)	Completed (4 Cemeteries Mashishing, Kellysville, Coromandel ,Graskop)

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCES (Part II)

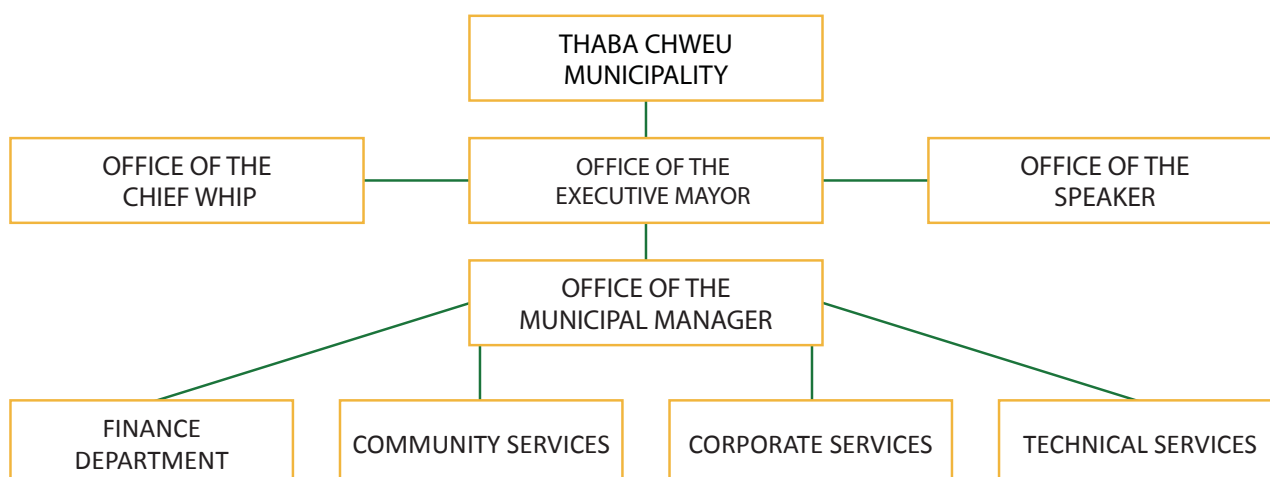
4.1 Introduction to municipal personnel

4.1.1 Managing the workforce

Employees (Total, Turn Over and Vacancies)

During period under review the staff compliment as at 30 June 2015

Thaba Chweu Municipality	Number of staff members			
	Permanent	Fixed Term Contract	Interns	EPWP
No of personnel	432	10	4	75



The municipality has a staff compliment of **480** including councillors.

4.1.2 Managing the Workforce Expenditure

FINANCIAL YEAR	TOTAL NUMBER OF STAFF
2011/12	444
2012/13	434
2014/15	480

This trend illustrates that the Municipality is managing the workforce.

4.1.3 Hr Policies in Place

- Human Resource Operational Manual
- Leave Encashment Policy
- Travelling Allowance Policy

4.1.4 Injuries, Sicknesses and Suspension

- We previously had 6 cases of Injuries on duty
- The Municipality does not have a proper system to monitor sicknesses

- There were 2 suspensions and two Disciplinary Hearing Case

4.1.5 Performance Rewards

- No Performance Rewards were paid to the Section 56 personnel due to the fact that none of them signed the Performance Agreement.

4.1.6 List of Vacancies

1. The overall vacancy increased from 2.22% in the previous year to 4.67% in the year under review.
2. 90% of senior manager (Sec 57) position is filled, in the year under review, only position of the municipal manager is vacant.

4.1.7. Skills Development And Training

Skills Development has been implemented accordingly during this review, with this process, employees had been enrolled on different courses for acquiring necessary skills. The following training was provided:

Category/ Department	No. of employees
Finance Programme Tipp Focus	26

It remains a fact that training or skills development of employees shall be undertaken with due consideration of the employment equity targets as contained in the plan.

4.1.8. Managing The Workforce Expenditure

In particular, section 66 of the Local Government: Municipal Finance Management Act 56 of 2003 provides for reporting on staff expenditure including pensions and overtime payments.

In line with the said provisions, the below tables show the expenditure:

- Personnel expenditure for 2014/15 financial year

The table below indicates summary of medical aid and pension funds utilized by Council employees and Councilors from 01 July 2014 to 30 June 2015

Description	Number of members	Employee Contribution	Employer Contribution	Total "R"
Municipal Councilors Pension Fund	27	100%	N/A	
Medical Aid				
Bonitas	90	1 48852.76	198734.04	347586.80
Hosmed	21	38646.88	48069.04	86716.00
Samwu med	39	47337.80	57910.20	105248.00
La Health	06	7702.40	11553.60	19256.00
Key Health	23	54698.39	48963.63	103662.02
Pension Funds	Number of members	Employee Contribution	Employer Contribution	Total R
MCP	27	170837.41	433297.80	604135.21
MGF	129	112470.83	329914.86	442385.68
MEPF	135	33464.26	43379.67	76843.93
NFMW	45	294742.44	108256.58	259982.18

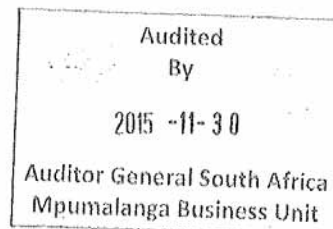
Description	Number of members	Employee Contribution	Employer Contribution	Total "R"
SALA	73	183881.09	76101.09	259982.18
SAMWU/P/F	36	66510.68	27503.11	104013.79
TVL	1	2216.73	5418.68	7635.41

Expenditure on Staff Benefits

Financial Year 2014/2015 (July 2014 – June 2015)	
Section 66 Expenditure on Staff Benefits	
Type	Amount
Salaries	R71,554,007.00
Bonus	R4,947,945.00
Medical Aid – company contribution	R17,832,179.00
UIF	R 574,283.00
SDL	R 928,246.00
Other Levies	R 4, 938,993.00
Overtime	R 4,530, 909.00
Travel Allowances	R 746799.09
Housing Benefits	R 27250.000
Cell Phone Allowances	R 137880.81
Total	R 911929.90

CHAPTER 5: FINANCIAL PERFORMANCE

ANNUAL FINANCIAL STATEMENTS



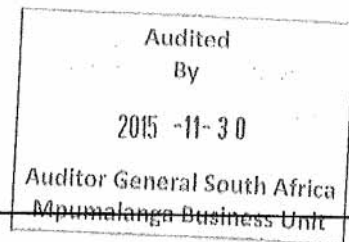
Thaba Chweu Local Municipality
Annual Financial Statements
for the year ended 30 June 2015
Auditor General South Africa

Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2015

General Information



Mayoral committee

Executive Mayor

BM Ncongwane

Councillors

MT Mashego

AK Mathaila

JB Nkosi

SA Manzini

M Mahlangu

N Janse Van Rensburg

J Lekhuleni

SE Molobela

IT Mokoena

Q Lawrence

NM Masimola

J Mkhize

JM Kock

W De Jong

VS Magagula

RP Malatsi

MC Masilela

PP Chima

S Mashigo

NS Sambo

M Phoku

MM Mohlala

PM Mashego

AB Rabie

JA Molele

JH Ligthelm

Grading of local authority

Low Capacity

Accounting Officer

LM Mokwena

Chief Financial Officer

MGT Mnisi

Registered office

Lydenburg

Mpumalanga

South Africa

1120

Business address

Corner Viljoen & Sentraal Street

Lydenburg

Mpumalanga

1120

Postal address

P.O Box 61

Lydenburg

1120

Bankers

Standard Bank of South Africa

Auditors

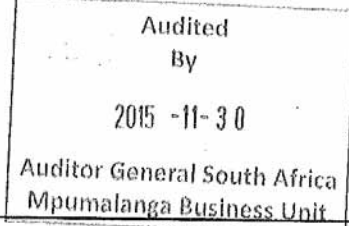
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Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2015

Index



The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Index	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Changes in Net Assets	6
Statement of Financial Performance for the year ended 30 June 2015	5
Cashflow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 11
Accounting Policies	12 - 35
Notes to the Annual Financial Statements	36 - 75

The following supplementary information does not form part of the annual financial statements and is unaudited:

Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	77
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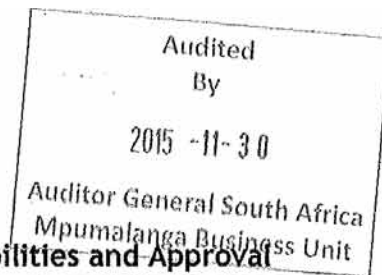
Acronyms

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
PAYE	Pay As You Earn
VAT	Value Added Tax
UIF	Unemployment Insurance Fund

Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2015



Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on government grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the national government has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 4 to 75, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2015 and were signed on its behalf by:

Accounting Officer
L.M. Mokwena

Thaba Chweu Local Municipality
(Registration number MP321)
Annual Financial Statements for the year ended 30 June 2015

Audited
By
2015 -11-30
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Mpumalanga Business Unit

Statement of Financial Position as at 30 June 2015

Figures in Rand

	Note(s)	2015	2014 Restated*
Assets			
Current Assets			
Inventories	7	2,500,903	3,800,685
Receivables from non-exchange transactions	8	91,836,152	32,998,104
VAT receivable	9	8,990,119	9,580,079
Receivables from Exchange Transactions	10	76,195,075	68,764,588
Cash and cash equivalents	11	8,996,986	4,885,380
		188,519,235	120,028,836
Non-Current Assets			
Investment property	3	430,783,973	431,500,057
Property, plant and equipment	4	2,128,401,604	2,163,377,478
Intangible assets	5	11,051	123,078
Heritage assets		165,344	165,343
Other financial assets	6	-	1,596,051
		2,559,361,972	2,596,762,007
Total Assets		2,747,881,207	2,716,790,843
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	428,388,483	345,314,023
Consumer Deposits	15	4,634,933	4,309,157
Employee benefit obligation		29,929,309	25,855,745
Unspent conditional grants and receipts	12	12,000,001	2,868,002
Provisions	13	16,659,567	16,189,956
		491,612,293	394,536,883
Total Liabilities		491,612,293	394,536,883
Net Assets		2,256,268,914	2,322,253,960
Reserves			
Revaluation Reserve		(2,329,856,667)	56,229,066
Accumulated surplus		4,586,125,581	2,266,024,894
Total Net Assets		2,256,268,914	2,322,253,960

Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2015

Statement Of Financial Performance as at 30 June 2015

Figures in Rand	Note(s)	2015	2014 Restated*
REVENUE			
Revenue from exchange transactions			
Service charges	18	159,656,189	158,071,420
Rental of facilities and equipment		2,660,946	2,208,802
Income from agency services	16	26,049,886	26,491,672
Other income	20	28,648,993	16,183,049
Interest received - investment		-	260,384
Total revenue from exchange transactions		217,016,014	203,215,327
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	17	102,028,601	34,080,703
Transfer revenue			
Government grants & subsidies	19	142,573,756	133,602,558
Fines		3,792,974	799,773
Total revenue from non-exchange transactions		248,395,331	168,483,034
Total revenue	16	465,411,345	371,698,361
EXPENDITURE			
Employee Related Costs	22	(117,617,658)	(109,417,840)
Remuneration of Councillors	23	(8,883,956)	(7,428,187)
Depreciation and Amortisation	27	(86,129,571)	(89,328,857)
Impairment loss/ Reversal of impairments		(650,657)	(994,568)
Finance Costs	28	(35,901,194)	(23,681,158)
Debt impairment	24	(21,196,068)	(28,147,172)
Repairs and Maintenance		(18,214,796)	(9,773,196)
Bulk Purchases	32	(131,021,276)	(115,401,687)
Contracted Services	31	(54,002,276)	(48,324,536)
General Expenses	21	(50,501,211)	(60,976,910)
Total Expenditure		(524,118,663)	(493,474,111)
Operating deficit		(58,707,318)	(121,775,750)
Fair value adjustments	26	-	147,470,477
Surplus (deficit) for the year		(58,707,318)	25,694,727

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Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2015

Statement Of Changes in Net Assets as at 30 June 2015

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 July 2013	-	2,240,330,167	2,240,330,167
Changes in net assets	-	25,694,727	25,694,727
Deficit for the year	-	25,694,727	25,694,727
Total changes	-	25,694,727	25,694,727
Restated* Balance at 01 July 2014	56,229,066	4,644,832,899	4,701,061,965
Changes in net assets	-	(58,707,318)	(58,707,318)
Surplus for the year	-	(58,707,318)	(58,707,318)
Total changes	-	(58,707,318)	(58,707,318)
Balance at 30 June 2015	56,229,066	4,586,125,581	4,642,354,647

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Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2015

Cashflow Statement as at 30 June 2015

Figures in Rand	Note(s)	2015	2014 Restated*
Cash flows from operating activities			
RECEIPTS			
Value Added Tax		888,871	6,664,834
Sale of goods		251,904,668	117,839,248
Grants		151,705,755	133,602,558
Interest Income		-	1,111,928
Rendering of Services		59,648,088	34,082,387
Fines		822,592	799,773
		464,969,974	294,100,728
PAYMENTS			
Employee costs		(121,538,642)	(116,846,027)
Suppliers		(274,592,124)	(97,232,096)
Finance Costs		(14,631,330)	(23,681,158)
		(410,762,096)	(237,759,281)
Net cash flows from operating activities	33	54,207,878	56,341,447
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(51,692,323)	(51,822,759)
Proceeds from sale of financial assets		1,596,051	8,567,322
Net cash flows from investing activities		(50,096,272)	(43,255,437)
Cash flows from financing activities			
Movement in other liability		-	(9,174,981)
Net increase/(decrease) in cash and cash equivalents		4,111,606	3,911,029
Cash and cash equivalents at the beginning of the year		4,885,380	974,351
Cash and cash equivalents at the end of the year	11	8,996,986	4,885,380

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Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2015

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Sibaya Business Unit

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	192,051,000	(3,850,000)	188,201,000	159,656,189	(28,544,811)	Note: 42.1
Rental of facilities and equipment	1,805,662	593,831	2,399,493	2,660,946	261,453	
Income from agency services	23,450,886	(10,312,780)	13,138,106	26,049,886	12,911,780	Note: 42.2
Other income	1,852,000	(645,000)	1,207,000	17,315,962	16,108,962	Note: 42.3
Interest Received: Outstanding Debtors	5,197,929	2,970,843	8,168,772	10,152,643	1,983,871	
Interest received - investment	1,500,000	(1,161,482)	338,518	683,682	345,164	
Total revenue from exchange transactions	225,857,477	(12,404,588)	213,452,889	216,519,308	3,066,419	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	60,329,000	51,857,000	112,186,000	102,028,601	(10,157,399)	Note: 42.4
Government grants & subsidies	140,680,000	(1,000,000)	139,680,000	142,573,756	2,893,756	Note: 42.5
Transfer revenue						
Fines	1,495,164	(200,772)	1,294,392	3,792,974	2,498,582	Note: 42.6
Total revenue from non-exchange transactions	202,504,164	50,656,228	253,160,392	248,395,331	(4,765,061)	
Total revenue	428,361,641	38,251,640	466,613,281	464,914,639	(1,698,642)	
Expenditure						
Personnel	(101,341,705)	(8,538,709)	(109,880,414)	(117,617,658)	(7,737,244)	Note: 42.7
Remuneration of councillors	(8,166,519)	231,480	(7,935,039)	(8,883,956)	(948,917)	
Depreciation and amortisation	(44,187,172)	-	(44,187,172)	(86,129,571)	(41,942,399)	Note: 42.8
Impairment loss	-	-	-	(650,657)	(650,657)	
Finance costs	-	-	-	(35,901,194)	(35,901,194)	Note: 42.9
Debt impairment	(2,000,000)	-	(2,000,000)	(21,196,068)	(19,196,068)	Note: 42.10
Repairs and maintenance	(15,865,071)	(5,239,952)	(21,105,023)	(18,214,796)	2,890,227	
Bulk purchases	(172,896,000)	21,339,871	(151,556,129)	(131,021,276)	20,534,853	Note: 42.11
Contracted Services	(47,292,507)	8,354,695	(38,937,812)	(54,002,276)	(15,064,464)	
Interest Expense	(600,000)	(26,405,284)	(27,005,284)	-	27,005,284	
General Expenses	(29,917,330)	(15,288,912)	(45,206,242)	(61,261,479)	(16,055,237)	Note: 42.12
Grants and Subsidies Paid	(5,549,230)	(2,579,565)	(8,128,795)	-	8,128,795	
Total expenditure	(427,815,534)	(28,126,376)	(455,941,910)	(534,878,931)	(78,937,021)	
Deficit before taxation	546,107	10,125,264	10,671,371	(69,964,292)	(80,635,663)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	546,107	10,125,264	10,671,371	(69,964,292)	(80,635,663)	

Thaba Chweu Local Municipality
(Registration number MP321)
Annual Financial Statements for the year ended 30 June 2015

Audited
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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	12,562,000	(8,762,000)	3,800,000	2,500,903	(1,299,097)	
Receivables from non-exchange transactions	-	-	-	91,836,152	91,836,152	
VAT receivable	-	-	-	8,990,119	8,990,119	
Consumer debtors	131,225,000	(20,328,000)	110,897,000	76,195,075	(34,701,925)	
Cash and cash equivalents	20,175,000	(15,291,000)	4,884,000	8,996,986	4,112,986	
	163,962,000	(44,381,000)	119,581,000	188,519,235	68,938,235	

Non-Current Assets

Investment property	-	328,778,000	328,778,000	430,783,973	102,005,973	
Property, plant and equipment	1,010,526,000	39,997,000	1,050,523,000	2,128,401,604	1,077,878,604	
Intangible assets	-	46,000	46,000	11,051	(34,949)	
Heritage assets	-	-	-	165,344	165,344	
Investments	1,057,000	539,000	1,596,000	-	(1,596,000)	
Other non-current assets	-	2,582,000	2,582,000	-	(2,582,000)	
	1,011,583,000	371,942,000	1,383,525,000	2,559,361,972	1,175,836,972	

Total Assets

	1,175,545,000	327,561,000	1,503,106,000	2,747,881,207	1,244,775,207	
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Liabilities

Current Liabilities

Payables from exchange transactions	402,519,000	(54,337,000)	348,182,000	428,388,478	80,206,478	
Consumer deposits	3,889,000	420,000	4,309,000	4,634,933	325,933	
Employee benefit obligation	-	-	-	29,929,309	29,929,309	
Unspent conditional grants and receipts	-	-	-	12,000,001	12,000,001	
Provisions	24,640,000	(8,451,000)	16,189,000	16,659,567	470,567	
Borrowing	532,000	-	532,000	-	(532,000)	
	431,580,000	(62,368,000)	369,212,000	491,612,288	122,400,288	

Non-Current Liabilities

Non-Current borrowing	8,559,000	(8,559,000)	-	-	-	
Provisions	1,266,000	24,589,000	25,855,000	-	(25,855,000)	
	9,825,000	16,030,000	25,855,000	-	(25,855,000)	

Total Liabilities

	441,405,000	(46,338,000)	395,067,000	491,612,288	96,545,288	
--	-------------	--------------	-------------	-------------	------------	--

Net Assets

	734,140,000	373,899,000	1,108,039,000	2,256,268,919	1,148,229,919	
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Revaluation reserve	734,140,000	(734,140,000)	-	(2,224,474,433)	(2,224,474,433)	
Accumulated surplus	-	1,108,039,000	1,108,039,000	4,480,743,352	3,372,704,352	

Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Total Net Assets	734,140,000	373,899,000	1,108,039,000	2,256,268,919	1,148,229,919	

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Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Ratepayers and other	263,533,000	(62,270,000)	201,263,000	313,281,235	112,018,235	
Grants	140,680,000	(1,000,000)	139,680,000	151,705,755	12,025,755	
Interest income	6,698,000	6,698,000	13,396,000	-	(13,396,000)	
	410,911,000	(56,572,000)	354,339,000	464,986,990	110,647,990	
Payments						
Supplier and employee costs	(381,003,000)	26,580,000	(354,423,000)	(396,130,766)	(41,707,766)	
Finance Costs	(600,000)	(22,147,000)	(22,747,000)	(14,631,330)	8,115,670	
	(381,603,000)	4,433,000	(377,170,000)	(410,762,096)	(33,592,096)	
Net cash flows from operating activities	29,308,000	(52,139,000)	(22,831,000)	54,224,894	77,055,894	
Cash flows from investing activities						
Purchase of property, plant and equipment	(46,004,000)	(5,678,900)	(51,682,900)	(51,682,900)	-	
Proceeds from sale of financial assets	-	1,596,051	1,596,051	1,596,051	-	
Net cash flows from investing activities	(46,004,000)	(4,082,849)	(50,086,849)	(50,086,849)	-	
Net increase/(decrease) in cash and cash equivalents	(16,696,000)	(56,221,849)	(72,917,849)	4,138,045	77,055,894	
Cash and cash equivalents at the end of the year	(16,696,000)	(56,221,849)	(72,917,849)	4,138,045	77,055,894	

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Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Basis of accounting

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the Standards of Generally Recognised Accounting Practice unless specified otherwise. These Annual Financial Statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. All values have been rounded to the nearest Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

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Accounting Policies

1.1 Consolidation

Basis of consolidation

Consolidated annual financial statements are the annual financial statements of the municipality presented as those of a single entity.

The consolidated annual financial statements incorporate the annual financial statements of the controlling entity and all controlled entity, including special purpose entities, which are controlled by the controlling entity.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The results of controlled entities, are included in the consolidated annual financial statements from the effective date of acquisition or date when control commences to the effective date of disposal or date when control ceases. The difference between the proceeds from the disposal of the controlled entity and its carrying amount as of the date of disposal, including the cumulative amount of any exchange differences that relate to the controlled entity recognised in net assets in accordance with the Standard of GRAP on The Effects of Changes in Foreign Exchange Rates, is recognised in the consolidated statement of financial performance as the surplus or deficit on the disposal of the controlled entity.

An investment in an entity is accounted for in accordance with the Standards of GRAP on Financial Instruments from the date that it ceases to be a controlled entity, unless it becomes an associate or a jointly controlled entity, in which case it is accounted for as such. The carrying amount of the investment at the date that the entity ceases to be a controlled entity is regarded as the fair value on initial recognition of a financial asset in accordance with the Standards of GRAP on Financial Instruments.

The annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same reporting date.

When the reporting dates of the controlling entity and a controlled entity are different, the controlled entity prepares, for consolidation purposes, additional annual financial statements as of the same date as the controlling entity unless it is impracticable to do so. When the annual financial statements of a controlled entity used in the preparation of consolidated annual financial statements are prepared as of a reporting date different from that of the controlling entity, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the controlling entity's annual financial statements. In any case, the difference between the reporting date of the controlled entity and that of the controlling entity shall be no more than three months. The length of the reporting periods and any difference in the reporting dates is the same from period to period.

Adjustments are made when necessary to the annual financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

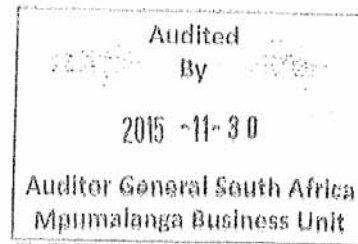
All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Minority interests in the net assets of the municipality are identified and recognised separately from the controlling entity's interest therein, and are recognised within net assets. Losses applicable to the minority in a consolidated controlled entity may exceed the minority interest in the controlled entity's net assets. The excess, and any further losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make an additional investment to cover the losses. If the controlled entity subsequently reports surpluses, such surpluses are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

Minority interests in the surplus or deficit of the economic entity is separately disclosed.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:



Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

1.3 Investment property initial recognition

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

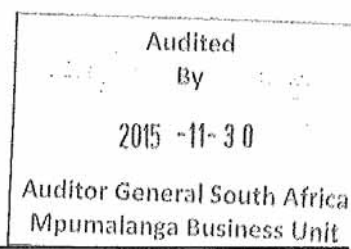
A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Accounting Policies



1.3 Investment property (continued)

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, are as follows:

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset's given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives.

The useful lives of items of property, plant and equipment have been assessed as follows:

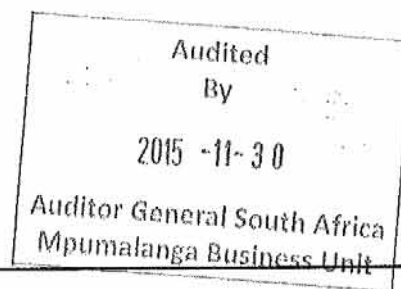
Item	Average useful life
Land	Indefinite
Buildings	5 - 50 years
Furniture and fixtures	5 - 15 years
Motor vehicles	4 - 20 years
Office equipment	5 - 15 years

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Annual Financial Statements for the year ended 30 June 2015

Accounting Policies



1.4 Property, plant and equipment (continued)

Computer equipment	5 - 15 years
Infrastructure assets	3 - 100 years
Community assets	5 - 50 years
Plant and equipment	5-15 years
Investment property	Indefinite
Heritage	Indefinite

1.5 Intangible assets

- An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.
- - the municipality intends to complete the intangible asset for use or sale;
 - it is technically feasible to complete the intangible asset;
 - the municipality has the resources to complete the project; and
 - it is probable that the municipality will receive future economic benefits or service potential

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset's given up.

Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straightline method. the annual amortisation rates are based on the following estimated average asset lives.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Accounting Policies

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1.5 Intangible assets (continued)

Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Performance.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Website development costs	5 years
Computer software	3 years

1.6 Financial instruments

Financial instruments are initially recognised at fair value.

Initial recognition and measurement

Subsequent Measurement

Credit Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the of an approved GRAP104 Standard on Financial Instruments

Investment

Derecognition Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Accounting Policies

1.6 Financial Instruments (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

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Accounting Policies

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1.6 Financial Instruments (continued)

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Loan1	Financial asset measured at amortised cost
Loan2	Financial asset measured at amortised cost
Loan3	Financial asset measured at amortised cost
Other receivables1	Financial asset measured at amortised cost
Other receivables2	Financial asset measured at amortised cost
Other financial asset1	Financial asset measured at fair value
Other financial asset2	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Loan1	Financial liability measured at amortised cost
Loan2	Financial liability measured at amortised cost
Loan3	Financial liability measured at amortised cost
Other receivables1	Financial liability measured at amortised cost
Other receivables2	Financial liability measured at amortised cost
Other financial liability1	Financial liability measured at fair value
Other financial liability2	Financial liability measured at fair value

The entity has the following types of residual interests (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Residual interest1	Measured at fair value
Residual interest2	Measured at cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Accounting Policies

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1.6 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

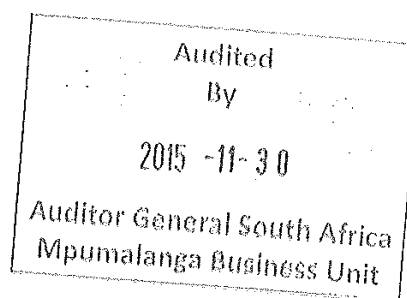
Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.



Accounting Policies

1.7 Leases (continued)

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue from exchange transactions in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

Accounting Policies

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1.8 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

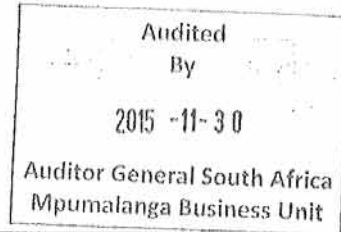
Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow: [Specify criteria]

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1.9 Impairment of non-cash-generating assets (continued)

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

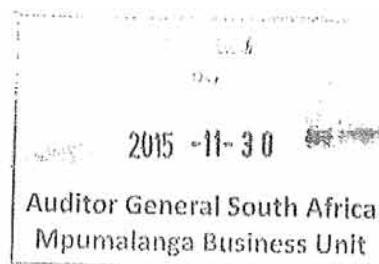
If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.



Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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1.10 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

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1.10 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

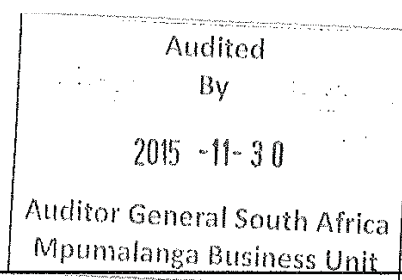
The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Accounting Policies



1.10 Employee benefits (continued)

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

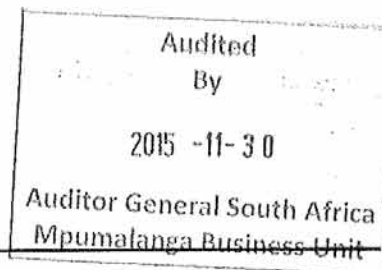
- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Accounting Policies



1.10 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

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1.11 Provisions and contingencies (continued)

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Subsequent changes in the measurement of provisions relating to rehabilitation of landfill sites as a result of change in estimated cash flows required to settle the obligation will result in increased carrying amounts of the landfill sites to which the provision relates. The adjusted depreciable amount of the landfill sites will be depreciated over the remaining useful life of the landfill site. Once the landfill site has reached the end of its useful life, all subsequent changes in the value of the liability will be recognised in the statement of financial performance.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 35.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement.

Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.12 Revenue from exchange transactions

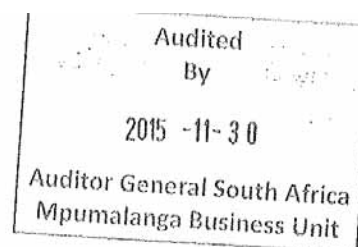
Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.



Accounting Policies

1.12 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

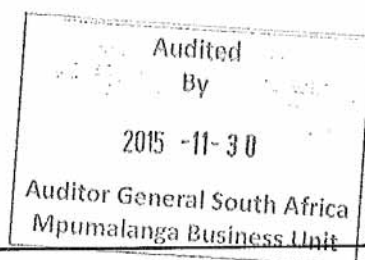
Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Accounting Policies



1.13 Revenue from non-exchange transactions (continued)

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

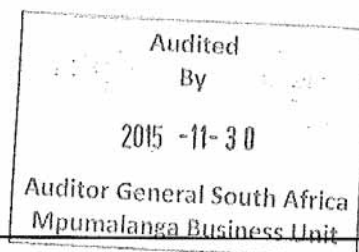
When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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1.13 Revenue from non-exchange transactions (continued)

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

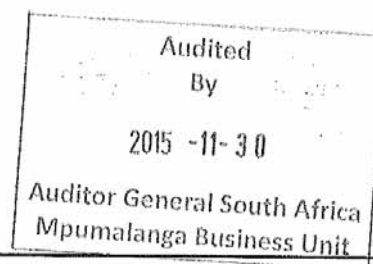
Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Thaba Chweu Local Municipality

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Accounting Policies



1.13 Revenue from non-exchange transactions (continued)

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

Services in-kind are recognised as revenue and as assets.

Concessionary loans received

A concessionary loan is a loan granted to or received by an municipality on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

1.14 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

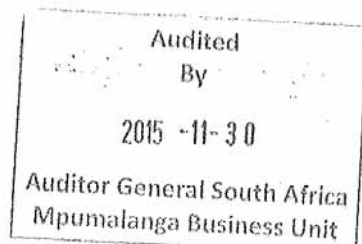
- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number 1.9. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted.

Extended periods is periods that exceeds X months.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.



Accounting Policies

1.15 Borrowing costs (continued)

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.21 Presentation of currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.22 Conditional grants and receipts

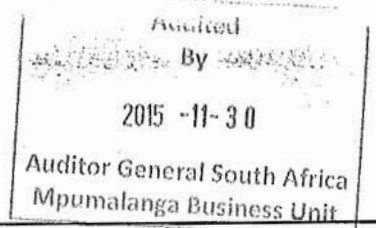
Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

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Accounting Policies



1.23 Budget information

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2014-07-01 to 2015-06-30.

The annual financial statements and the budget are not on the same basis of accounting. The actual financial statement information is therefore presented on a comparable basis to the budget information. The comparison and the reconciliation between the Statement of Financial Performance and the budget for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts.

1.24 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.25 Value Added Tax

The municipality accounts for VAT on the payment basis.

1.26 Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.

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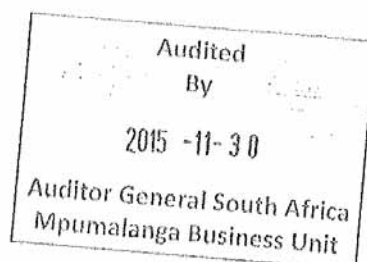
Notes to the Annual Financial Statements

Figures in Rand

2015

2014

Audited
By
2015-11-30
Auditor General South Africa
Mpumalanga Business Unit



Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 25: Employee Benefits

The objective of GRAP 25 is to prescribe the accounting and disclosure for employee benefits. The standard requires the municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when the municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

The standard states the recognition, measurement and disclosure requirements of:

- short-term employee benefits;
- all short-term employee benefits;
- short-term compensated absences;
- bonus, incentive and performance related payments;
- post-employment benefits: Defined contribution plans;
- other long-term employee benefits; and
- termination benefits.

The major difference between this standard (GRAP 25) and IAS 19(R) is with regards to the treatment of actuarial gains and losses and past service costs. This standard requires the municipality to recognise all actuarial gains and losses and past service costs immediately in the statement of financial performance once occurred.

All amendments to be applied retrospectively.

The effective date of the standard is for years beginning on or after 01 April 2013.

The municipality has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

GRAP 1 (as revised 2012): Presentation of Financial Statements

Minor amendments were made to the statement of financial performance as well as the statement of changes in net assets.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

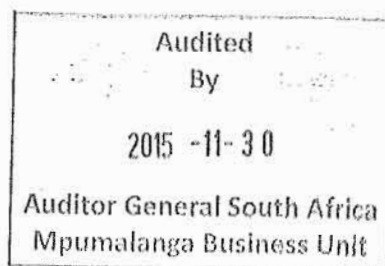
GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors

Amendments were made to changes in accounting policies. A change to the cost model when a reliable measure of fair value is no longer available (or vice versa) for an asset that a standard of GRAP would otherwise require or permit to be measured at fair value is no longer considered to be a change in an accounting policy in terms of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010).

The effective date of the amendment is for years beginning on or after 01 April 2013

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.



Notes to the Annual Financial Statements

GRAP 7 (as revised 2012): Investments in Associates

Amendments were made to definitions and a requirement to include transaction costs on initial recognition of an investment in an associate under the equity method has been included.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 9 (as revised 2012): Revenue from Exchange Transactions

Amendments were made to the scope and definitions.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 12 (as revised 2012): Inventories

Amendments were made to measurement after recognition.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 13 (as revised 2012): Leases

Amendments were made to disclosures.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 16 (as revised 2012): Investment Property

Amendments were made to definitions, measurement at recognition, disposals and disclosure. Changes were made to ensure the consistent application of the principle where assets are acquired in exchange for non-monetary assets when the exchange transaction lacks commercial substance. Furthermore the assessment of significant use of an investment property has been clarified.

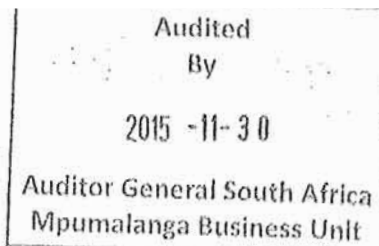
All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

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Notes to the Annual Financial Statements

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 17 (as revised 2012): Property, Plant and Equipment

Amendments were made to measurement at recognition, disposals and disclosure. Changes were made to ensure the consistent application of the principle where assets are acquired in exchange for non-monetary assets when the exchange transaction lacks commercial substance. Furthermore the requirement to disclose property, plant and equipment that were temporarily idle has been clarified.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 27 and GRAP 31 (as revised 2012)

These Standards of GRAP replace the previous Standard of GRAP on Agriculture (GRAP 101) and Standard of GRAP on Intangible Assets due to the International Public Sector Accounting Standards Board (IPSASB) that has issued an IPSAS on Agriculture (IPSAS 27) and Intangible Assets (IPSAS 31) respectively.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IGRAP 1 (as revised 2012): Applying the Probability Test on Initial Recognition of Revenue

This Interpretation now addresses the manner in which the municipality applies the probability test on initial recognition of both:

- (a) exchange revenue (GRAP 9); and
- (b) non-exchange revenue (GRAP 23).

All amendments to be applied prospectively.

The effective date of the interpretation is for years beginning on or after 01 April 2013.

The municipality has adopted the interpretation for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IGRAP 16: Intangible Assets - Website Costs

The interpretation deals with the treatment of the municipality's own website. It concludes that the municipality's own website that arises from development and is for internal or external access is an internally generated intangible asset that is subject to the requirements of the Standard of GRAP on Intangible Assets.

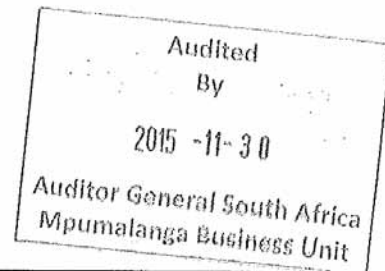
A website arising from development will be recognised as an intangible asset if, and only if, in addition to complying with the general requirements described in the Standard of GRAP on Intangible Assets for recognition and initial measurement the municipality can satisfy the requirements in paragraph .54, which in particular requires the municipality to be able to demonstrate how its website will generate probable future economic benefits or service potential.

If the municipality is not able to demonstrate how a website developed solely and primarily for providing information

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about its own products and services will generate probable future economic benefits or service potential, all expenditure on developing such a website will be recognised as an expense when incurred.

A website that is recognised as an intangible asset under this interpretation will be measured after initial recognition by applying the requirements in the Standard of GRAP on Intangible Assets.

Interpretation to be applied retrospectively.

The effective date of the interpretation is for years beginning on or after 01 April 2013.

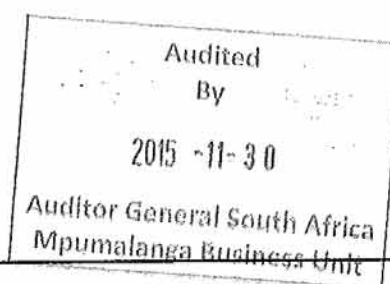
The municipality has adopted the interpretation for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

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Notes to the Annual Financial Statements

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

GRAP 20: Related Party Disclosures

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The municipality (in this standard referred to as the reporting entity) applies this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between the municipality and its related parties;
- identifying the circumstances in which disclosure of the items in bullet one and two is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

* A person or a close member of that person's family is related to the reporting entity if that person:

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity;
- is a member of the management of the entity or its controlling entity.

* An entity is related to the reporting entity if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
- the entity is controlled or jointly controlled by a person identified in (a); and
- a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

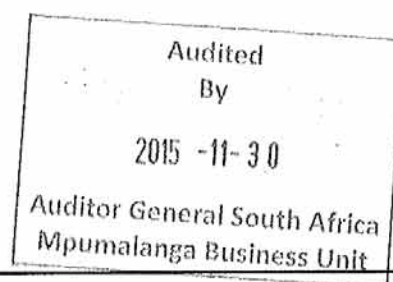
The standard states that a related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- control;
- related party transactions; and



Notes to the Annual Financial Statements

- remuneration of management.

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

The standard requires that remuneration of management must be disclosed per person and in aggregate.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 105: Transfers of Functions Between Entities Under Common Control

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities under common control.

A transfer of functions between municipalities under common control is a reorganisation and/or reallocation of functions between municipalities that are ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between municipalities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

Specific disclosures are required when there is a transfer of functions between municipalities under common control.

No effective date has yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

The impact of this standard is currently being assessed.

GRAP 106: Transfers of Functions Between Entities not Under Common Control

The objective of this Standard of GRAP is to establish accounting principles for the acquirer in a transfer of functions between municipalities not under common control.

A transfer of functions between municipalities not under common control is a reorganisation and/or reallocation of functions between municipalities that are not ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between municipalities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition date fair values and should be derecognised (by the acquiree) at their carrying amounts.

The difference between amount of consideration paid or received, if any, and the fair value of assets acquired and liabilities assumed or carrying amounts of assets transferred and liabilities relinquished should be recognised in surplus / (deficit).

For transfer of functions between municipalities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

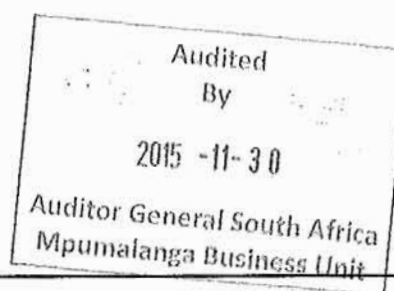
Specific disclosures are required when there is a transfer of functions between municipalities not under common control.

No

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effective date has yet been determined by the Minister of Finance.

The municipality expects to adopt the standard once it becomes effective.

The impact of this amendment is currently being assessed.

GRAP 107: Mergers

The objective of this Standard of GRAP is to establish accounting principles for the combined municipality and combining municipalities in a merger.

A merger is where a new combined municipality is started, no acquirer can be identified and the combining municipalities do not have any control over the municipality.

In the event of a merger, the assets and liabilities should be recognised (by the combined municipality) at their carrying amounts and should be derecognised (by the combining municipalities) at their carrying amounts.

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

Specific disclosures are required when there is a merger.

No effective date has yet been determined by the Minister of Finance.

The municipality expects to adopt the standard once it becomes effective.

The impact of this standard is currently being assessed.

GRAP 32: Service Concession Arrangements: Grantor

The standard applies to a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator providing the mandated function on behalf of the grantor can either be a private party or another public sector entity. The standard applies to the grantor only.

PPP agreements that are governed and regulated in terms of the PFMA and MFMA, are some of the arrangements that fall within the scope of GRAP 32. For any other arrangements that meet the control criteria as set out in paragraph .07 of GRAP 32 the principles in the standard on accounting for such arrangements will apply.

An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

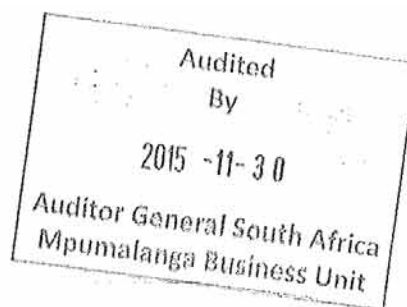
It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 108: Statutory Receivables

GRAP 108 only deals with those receivables that arise from legislation or an equivalent means, such as regulations, bylaws or other documents issued in terms of legislation, such as ministerial orders and cabinet or municipal council decisions. Therefore in order to be statutory in nature specific legislation should require the municipality to undertake the transactions, such as outlining who should be taxed and at what rates and amounts.

Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard of GRAP on Financial Instruments. Statutory receivables are not voluntarily entered into as with contractual receivables because they arise as a result of specific legislative requirements.

Statutory receivables are initially measured at their transaction amount and subsequently using the cost method.



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Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This interpretation provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time.

The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this interpretation need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

This interpretation concludes on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The interpretation has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time once it becomes effective.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

GRAP 5 (revised 2013): Borrowing Costs

Benchmark treatment is to recognise borrowing costs as an expense.

Allowed alternative is to capitalise borrowing costs if it is attributable to the acquisition, construction or production of a qualifying asset. All other instances, expense borrowing costs.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2014.

The municipality expects to adopt the amendment for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

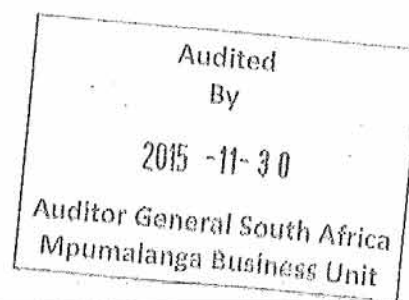
GRAP 100 (revised 2013): Discontinued Operations

All accounting, presentation and disclosure requirements with regards to non-current assets held for sale (or disposal groups) have been deleted. The impact of the amendments is:

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Notes to the Annual Financial Statements

- Will no longer be required to reclassify assets as held for sale. GRAP 100 now only deals with discontinued operations.
- Certain disclosure must be made if, at the reporting date, management has taken a decision to dispose of a significant asset or a group of assets and liabilities. Will fall under the Standard of GRAP on Presentation of Financial Statements.

Measurement requirements are to be applied prospectively and presentation and disclosure requirements are to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2014.

The municipality expects to adopt the amendment for the first time in the 2015 annual financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2014 or later periods but are not relevant to its operations:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

3. Investment property

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	430,783,973	-	430,783,973	431,500,057	-	431,500,057

Reconciliation of investment property - 2015

	Opening balance	Transfers	Total
Investment property	431,500,057	(716,084)	430,783,973

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2015 2014

Reconciliation of investment property - 2014

	Opening balance	Transfers	Transfer to PPE	Fair value adjustments	Total
Investment property	368,881,434	(26,232,000)	(58,830,054)	147,680,677	431,500,057

4. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	9,159,042	-	9,159,042	9,159,042	-	9,159,042
Buildings	246,348,679	(56,786,540)	189,562,139	246,348,679	(49,233,852)	197,114,827
Plant and machinery	989,297	(341,474)	647,823	877,291	(279,856)	597,435
Furniture and fixtures	5,215,043	(2,886,537)	2,328,506	4,852,944	(2,615,557)	2,237,387
Motor vehicles	11,405,929	(5,300,225)	6,105,704	8,943,190	(4,226,930)	4,716,260
Office equipment	1,497,065	(743,378)	753,687	1,461,972	(664,905)	797,067
Computer equipment	2,292,824	(1,032,143)	1,260,681	2,025,289	(909,124)	1,116,165
Infrastructure	2,088,969,568	(564,765,326)	1,524,204,242	2,070,301,960	(494,273,267)	1,576,028,693
Community	353,704,662	(46,288,267)	307,416,395	350,634,265	(39,272,202)	311,362,063
Assets under construction	86,963,385	-	86,963,385	60,248,539	-	60,248,539
Total	2,806,545,494	(678,143,890)	2,128,401,604	2,754,853,171	(591,475,693)	2,163,377,478

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Transfers	Depreciation	Impairment loss	Total
Land	9,159,042	-	-	-	-	9,159,042
Buildings	197,114,827	-	-	(7,552,688)	-	189,562,139
Plant and machinery	597,435	112,006	-	(58,956)	(2,662)	647,823
Furniture and fixtures	2,237,387	362,098	-	(249,390)	(21,589)	2,328,506
Motor vehicles	4,716,260	2,462,739	-	(453,021)	(620,274)	6,105,704
Office equipment	797,067	35,095	-	(72,343)	(6,132)	753,687
Computer equipment	1,116,165	267,535	-	(123,019)	-	1,260,681
Infrastructure	1,576,028,693	-	18,667,608	(70,492,059)	-	1,524,204,242
Community	311,362,063	-	3,070,396	(7,016,064)	-	307,416,395
Assets under construction	60,248,539	48,452,850	(21,738,004)	-	-	86,963,385
Heritage assets	165,344	-	-	-	-	165,344
Total	2,163,542,822	51,692,323	-	(86,017,540)	(650,657)	2,128,668,948

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2014

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Transfers	Depreciation	Impairment loss	Total
Land	6,595,440	-	2,563,602	-	-	9,159,042
Buildings	204,984,859	-	-	(7,870,032)	-	197,114,827
Plant and machinery	660,469	-	-	(63,034)	-	597,435
Furniture and fixtures	2,346,871	161,247	-	(270,731)	-	2,237,387
Motor vehicles	6,241,894	-	-	(531,066)	(994,568)	4,716,260
Office equipment	846,090	31,958	-	(80,981)	-	797,067
Computer equipment	1,117,727	109,787	-	(111,349)	-	1,116,165
Infrastructure	1,649,884,324	-	-	(73,855,631)	-	1,576,028,693
Community	240,020,563	-	77,800,125	(6,458,625)	-	311,362,063
Assets under construction	22,515,368	59,266,844	(21,533,673)	-	-	60,248,539
Heritage assets	165,343	-	-	-	-	165,343
	2,135,378,948	59,569,836	58,830,054	(89,241,449)	(994,568)	2,163,542,821

5. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Website development costs and antivirus software	304,430	(293,379)	11,051	304,430	(181,352)	123,078

Reconciliation of Intangible assets - 2015

	Opening balance	Amortisation	Total
Website development costs and antivirus software	123,078	(112,027)	11,051

Reconciliation of intangible assets - 2014

	Opening balance	Amortisation	Total
Website development costs and antivirus software	210,488	(87,410)	123,078

6. Other financial assets

Designated at fair value		
Long Term Deposits	-	7,668
Listed investments	-	1,588,383

Listed investments are disclosed at current market value of shares at reporting date.
The municipality's risk is that the share price of listed investments might drop significantly during the period under review and result in a substantial loss of the investment. The share price risk is managed by only investing in reputable listed entities with a good track record.

	-	1,596,051
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7. Inventories		
Consumable stores	2,489,359	3,792,805
Water	11,544	7,880
	2,500,903	3,800,685
8. Receivables from non-exchange transactions		
Fines	785,437	445,311
Rates and other taxes	91,050,715	32,552,793
	91,836,152	32,998,104
9. Vat Receivable		
VAT	8,990,119	9,580,079
10. Receivables from Exchange Transactions		
Gross balances		
Electricity	37,704,124	31,230,052
Water	30,700,436	27,055,062
Sewerage	12,288,652	10,119,978
Refuse	9,614,163	12,468,702
Capitalised consumer debt	-	58,237,654
Other	16,725,141	147,547
	107,032,516	139,258,995
Less: Allowance for impairment		
Electricity	(9,118,011)	(21,739,658)
Water	(12,301,596)	(25,681,059)
Sewerage	(5,135,440)	(16,374,561)
Refuse	(4,079,743)	(6,699,129)
Other (specify)	(202,651)	-
	(30,837,441)	(70,494,407)
Net balance		
Electricity	28,586,113	9,490,394
Water	18,398,840	1,374,003
Sewerage	7,153,212	(6,254,583)
Refuse	5,534,420	5,769,573
Capitalised consumer debt	-	58,237,654
Other	16,522,490	147,547
	76,195,075	68,764,588
Rates		
Current (0 -30 days)	3,602,177	-
31 - 60 days	7,236,576	-
61 - 90 days	3,987,879	-
91 - 120 days	3,842,656	-
121 - 150 days	3,801,323	-
> 150 days	57,721,488	-
	80,192,099	-

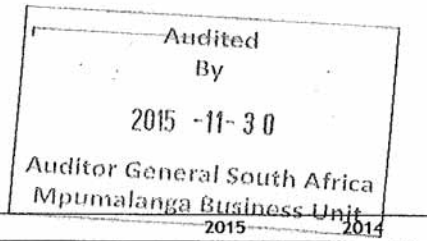
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Water		
Current (0 -30 days)	2,476,877	2,352,047
31 - 60 days	1,208,220	1,482,921
61 - 90 days	902,139	1,173,362
91 - 120 days	936,478	1,123,527
121 - 150 days	917,639	-
> 150 days	24,259,082	20,923,204
	30,700,435	27,055,061
Electricity		
Current (0 -30 days)	7,209,024	6,582,002
31 - 60 days	2,774,279	2,165,611
61 - 90 days	2,341,737	1,820,613
91 - 120 days	2,479,196	1,563,767
121 - 150 days	1,503,357	-
> 150 days	21,396,531	19,096,971
	37,704,124	31,228,964
Sewerage		
Current (0 -30 days)	1,031,837	919,901
31 - 60 days	571,156	527,643
61 - 90 days	453,026	458,952
91 - 120 days	408,348	442,052
121 - 150 days	394,658	-
> 150 days	9,429,627	7,771,430
	12,288,652	10,119,978
Refuse		
Current (0 -30 days)	1,147,081	1,194,064
31 - 60 days	546,416	567,304
61 - 90 days	434,342	495,454
91 - 120 days	400,078	450,428
121 - 150 days	380,847	-
> 150 days	6,705,399	9,761,453
	9,614,163	12,468,703
Business service levies		
> 150 days	-	58,237,654
	-	-
Other (specify)		
Current (0 -30 days)	240,728	224,631
31 - 60 days	121,580	18,352
61 - 90 days	84,418	8,585
91 - 120 days	75,457	6,847
121 - 365 days	213,556	-
> 150 days	(81,521)	(110,868)
	654,218	147,547

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11. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	2,266,269	3,267,460
Short-term deposits	6,730,717	1,617,920
	8,996,986	4,885,380

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
ABSA Lydenburg (10-1000-0218)	114,210	423,987	(167,729)	114,210	423,987	(167,729)
ABSA Sabie (40-5826-4705)	83,347	128,471	10,329	83,347	128,471	10,329
Standard Bank - Primary Account (24-320-336-5)	1,205,084	1,240,715	392,668	1,203,584	1,185,977	392,668
Standard Bank - Traffic	810,121	1,528,341	739,083	810,121	1,528,341	739,083
Standard Bank - Call	54,525	52,007	-	54,525	52,007	-
AccountPost Office Guarantee - 488610621						
Standard Bank - MIG Call Account- 488610621	6,374,232	1,279,045	-	6,374,232	1,279,045	-
Standard Bank - MWIG Call Account - 488610521	301,960	286,869	-	301,960	286,869	-
ABSA Thaba Chweu Projects	4,676	684	-	4,676	683	-
STANDARD BANK; Ringfence Electricity	50,330	-	-	50,330	-	-
Total	8,998,485	4,940,119	974,351	8,996,985	4,885,380	974,351

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12. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
FMG		
Balance Unspent at the beginning of the year	-	-
Current year receipts	1,600,000	1,550,000
Conditions met transferred to revenue	(1,600,000)	(1,550,000)
Conditions still to be met - remain liabilities	-	-
MSIG		
Balance Unspent at the beginning of the year	-	-
Current year receipts	934,000	890,000
Conditions met transferred to revenue	(934,000)	(890,000)
Conditions still to be met - remain liabilities	-	-
EPWP		
Balance unspent at the beginning of the year	-	-
Current year receipts	1,657,000	1,000,000
Conditions met transferred to revenue	(1,657,000)	(1,000,000)
Conditions still to be met - remain liabilities	-	-
MIG		
Balance Unspent at the beginning of the year	-	-
Current year receipts	57,004,000	4,932,849
Conditions met transferred to revenue	(45,004,000)	39,049,000
Conditions still to be met - remain liabilities	12,000,000	(43,981,849)
INEP		
Balance unspent at the beginning of the year	-	-
Current year receipts	-	4,625,606
Conditions met transferred to revenue	-	1,900,000
Conditions still to be met - remain liabilities	-	(6,525,606)
WSOG		
Balance unspent at the beginning of the year	-	-
Current year receipts	-	2,798,000
Conditions met transferred to revenue	-	3,000,000
Conditions still to be met - remain liabilities	-	(5,798,000)
MWIG		
Balance unspent at the beginning of the year	2,868,001	-
Current year receipts	-	14,341,000
Conditions me transferred to revenue	(2,868,001)	(11,472,999)
Conditions still to be met - remain liabilities	-	2,868,001
	12,000,000	2,868,002

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2015 2014

Government Grants and Subsidies

Additions during the year	12,000,001	2,868,002
LG Seta	25,755	-
Equitable shares	90,485,000	74,531,000
MIG Grant	45,004,000	39,049,000
National: EPWP, FMG, MSIG Grant & MWIG	7,059,002	22,681,000
Total Government Grant and Subsidies Received	142,573,757	136,261,000

13. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Movement for the year	Change in discount factor	Total
Provision for rehabilitation of landfill sites	4,044,475	-	404,448	4,448,923
Provision for leave	6,304,301	(1,395,657)	-	4,908,644
Long Service Awards	5,841,180	1,460,820	-	7,302,000
	16,189,956	65,163	404,448	16,659,567

Reconciliation of provisions - 2014

	Opening Balance	Movements for the year	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Provision for rehabilitation of landfill sites	687,750	-	3,356,725	-	4,044,475
Provision for leave	13,228,330	(5,841,180)	-	(1,082,849)	6,304,301
Long Service Awards	6,976,642	(1,135,462)	-	-	5,841,180
	20,892,722	(6,976,642)	3,356,725	(1,082,849)	16,189,956

14. Payables from exchange transactions

Trade payables	402,060,684	319,871,620
Payments received in advanced - contract in process	17,916,903	266,591
Other payables	8,410,896	25,175,812
	428,388,483	345,314,023

15. Consumer Deposits

Electricity and water	4,634,933	4,309,157
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Deposits generate no interest as per council resolution.

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16. Revenue

Service charges	159,656,189	158,071,420
Rental of facilities and equipment	2,660,946	2,208,802
Income from agency services	26,049,886	26,491,672
Other income	28,648,993	16,183,049
Interest received - investment	-	260,384
Property rates	102,028,601	34,080,703
Government grants & subsidies	142,573,756	133,602,558
Fines	3,792,974	799,773
	465,411,345	371,698,361

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	159,656,189	158,071,420
Rental of facilities and equipment	2,660,946	2,208,802
Income from agency services	26,049,886	26,491,672
Other income	28,648,993	16,183,049
Interest received - investment	-	260,384
	217,016,014	203,215,327

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue	102,028,601	34,080,703
Property rates		
Transfer revenue	142,573,756	133,602,558
Government grants & subsidies	3,792,974	799,773
Fines		
	248,395,331	168,483,034

Nature and type of services in-kind are as follows:

The services received in kind from Ehlanzeni District Municipality relates to financial support received for implementation of a clean audit strategy.

17. Property Rates

Rates received

Residential	25,886,731	17,209,086
Commercial	13,209,181	-
State	13,718,586	1,528,669
Small holdings and farms	39,113,600	10,240,281
Educational	-	913,636
Institutional	(107,449)	1,109,617
Industrial	2,423,929	11,117,472
Undeveloped Land	9,308,948	-
Less: Income forgone	(1,524,925)	(8,038,058)
	102,028,601	34,080,703

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18. Service Charges		
Sale of electricity	107,732,450	109,478,396
Sale of water	28,863,488	28,012,611
Sewerage and sanitation charges	10,898,612	9,679,414
Refuse removal	12,161,639	10,900,999
	159,656,189	158,071,420
19. Government Grants and Subsidies		
Operating grants		
Equitable share	90,485,000	74,531,000
LG Seta Grant	25,755	362,860
EPWP Grant	1,657,000	846,699
Financial Management Grant	1,600,000	1,550,000
Municipal Systems Improvement Grant	934,000	890,000
	94,701,755	78,180,559
Capital grants		
Municipal Infrastructure Grant	45,004,000	39,049,000
MWIG Grant	2,868,001	13,372,999
DWAF Grant	-	3,000,000
	47,872,001	55,421,999
Total Amount Received	142,573,756	133,602,558
20. Other Income		
Building plan fees	366,082	577,155
Bulk service contribution	50,808	124,010
Fines: Meter Tampering	1,118,400	-
SARS Refund	2,106,236	-
Interest on Bank	683,682	851,544
Connection Fees	188,497	159,789
Sundry income	13,982,644	8,690,866
Interest on arrear accounts	10,152,644	5,779,685
	28,648,993	16,183,049

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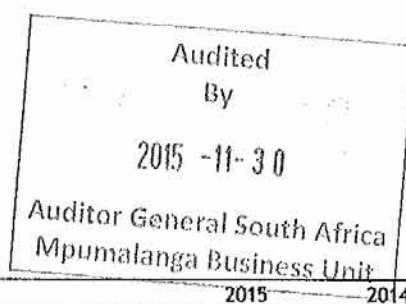
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21. General Expenses

	2015	2014
Auditors fees	3,808,748	3,236,783
Bank charges	517,372	788,557
Cleaning	11,400	28,995
Legal costs	9,618,128	3,918,445
Consumables	360,778	537,173
Digging of graves	-	8,700
Hire	4,419,318	1,909,241
Access	64,073	2,193
Conferences and seminars	59,595	111,133
Indigent Write Off	2,804,052	-
Levies	7	-
Motor vehicle expenses	1,991,757	11,662,601
Public participation and ward committees	39,131	42,450
Fuel and oil	326,728	-
Placement fees	18,112	25,435
Postage and courier	488,511	93,648
Printing and stationery	3,625,147	1,739,789
Protective clothing	497,881	110,035
Staff welfare	5,076	1,440
Subscriptions and membership fees	81,655	83,166
Telephone and fax	1,829,061	1,088,859
Training	1,025,202	1,203,003
Travel and Accommodation	895,963	942,558
Electricity: Indigent Support	367,125	5,524,974
Sewerage and waste disposal	-	17,851
Water: Indigent Support	772,568	1,122,636
Refuse: Indigent Support	808,912	459,313
Uniforms	144,326	17,205
Debit orders	-	3,070,475
Stock losses	5,532	1,641,256
Licence fees	1,163,045	1,541,310
Disaster relief fund	404,448	-
Sundry Expenses	(3,664)	17,005
Valuation costs	515,493	-
Celebration machines	14,366	33,015
Integration of Thaba Chweu	-	839,519
Free Basic Services	4,808,957	-
Other expenses	9,012,408	19,158,147
	50,501,211	60,976,910

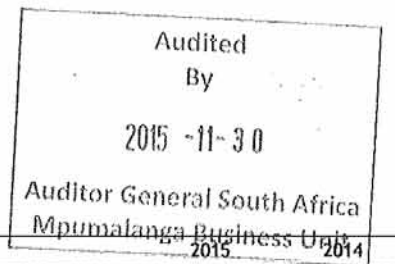
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**22. Employee Related Costs**

Salaries	71,501,570	66,301,886
Bonus	4,947,945	4,673,809
Medical aid - company contributions	17,832,179	17,287,813
UIF	574,283	539,867
SDL	928,246	1,241,448
Other payroll levies	31,139	30,042
Leave pay provision charge	(921,194)	417,377
Travel, motor car, accommodation, subsistence and other allowances	17,968	4,179
Overtime payments	4,530,909	5,022,083
Long-service awards	5,534,384	3,386,324
Transport allowance	109,189	21,070
Car allowance	10,048,428	8,606,489
Housing benefits and allowances	296,179	278,196
Insurance Group Life	276,689	210,915
Other # 5	7	-
Cellphone Allowance	1,909,737	1,396,342
	117,617,658	109,417,840

Remuneration of Municipal Manager

Annual Remuneration	840,066	-
Acting Allowance	96,670	-
Travelling Allowance	15,820	-
Contributions to UIF, Medical and Pension Funds	100,001	-
	1,052,557	-

Remuneration of Chief Finance Officer (Commenced: 01/02/2015 - 30/06/2015)

Annual Remuneration	301,042	187,500
Acting Allowance	-	175,000
Travelling Allowance	53,125	44,521
Contributions to UIF, Medical and Pension Funds	595	21,279
	354,762	428,300

Remuneration of Director: Corporate Services

Annual Remuneration	295,565	794,919
Acting Allowance	280,229	-
Travelling Allowance	90,888	43,690
Contributions to UIF, Medical and Pension Funds	165,061	307,431
	831,743	1,146,040

Remuneration of Director: Technical Services

Annual Remuneration	381,737	641,680
Acting Allowance	180,488	118,785
Travelling Allowance	112,282	16,541
Contributions to UIF, Medical and Pension Funds	187,113	68,819
	861,620	845,825

Remuneration of Director: Community Services (Commenced: 01/04/2015 - 30/06/2015)

Annual Remuneration	159,375	102,222
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Thaba Chweu Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
Travelling Allowance	56,349	33,674
Contributions to UIF, Medical and Pension Funds	13,727	13,324
Cellphone Allowance	3,064	6,964
Acting Allowance	-	175,000
	232,515	331,184

Post-retirement medical benefits

The amounts recognised in the Statement of Financial Position were determined as follows:

Present value of funded obligation	29,929,309	25,855,745
Fair value of plan assets	-	-
Liability in the Statement of Financial Position	29,929,309	25,855,745

Movements in the defined benefit obligation is as follows:

Balance at beginning of the year	25,855,745	21,333,959
Current service and interest cost	3,231,547	2,339,180
Benefit payments	(1,103,012)	(1,140,927)
Actuarial (gains)/losses	1,945,029	3,323,533
Missalaneous	-	-
Balance at end of year	29,929,309	25,855,745

The amounts recognised in the Statement of Financial Performance were as follows:

Statement of Financial Position obligation for: Long service awards	29,929,309	25,855,745
	29,929,309	25,855,745

Long service awards loss	1,945,029	3,323,533
	1,945,029	3,323,533

Additional retirement costs	-	-
	1,945,029	3,323,533

Post medical Aid Benefit

Independent valuers, One Pagaea Financial, Carried out statutory valuation on an annual basis

The principal actuarial assumptions used were as follows:

Discount rate per annum	9.24	8.98
General Inflation	6.86	6.56
Health care inflation rate	8.36	8.06

Net discount rate

Examples of mortality rates used were as follows

Average retirement age	63	63
Mortality during employment	90	90

Age 20 - 24	16	16
Age 25 - 29	12	12
Age 30 - 34	10	10
Age 35 - 39	8	8
Age 40 - 44	6	6
Age 45 - 49	4	4
Age 50 - 54	2	2
Age 55+	-	-
	185,411,177	165,105,305

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Long-service leave awards

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Figures in Rand	2015	2014
The amounts recognised in the Statement of Financial Position are determined as follows:		
Present value of funded obligation	7,302,000	5,841,000
Fair Value of plan assets	-	-
Liability in the statement of Financial Position	<u>7,302,000</u>	<u>5,841,000</u>
Movements in the defined benefit obligation is as follows:		
Balance at the beginning of the year	5,841,000	4,994,000
current service	983,000	860,000
Benefit payments	(672,000)	745,000
Actuarial (gains) / Losses	1,150,000	732,000
	<u>7,302,000</u>	<u>5,841,000</u>
Statement of financial Position obligation for Post - employment medical benefit	-	-
Long Service Award	<u>7,302,000</u>	<u>5,851,000</u>
Post - employment medical benefit loss	-	-
Long Serve Awards	<u>1,150,000</u>	<u>732,000</u>
Additional retirement Costs:	<u>1,150,000</u>	<u>732,000</u>
Independent valuers, One pangaea Financial, carried out a statutory valuation on the annual basis	-	-
The principal actuarial assumptions used were as follows	-	-
Discount rate per annum	8	9
General inflation	6	7
Health care inflation rate	7	8
Net discount rate	1	1
Example of mortality rates used were as follows		
Average retirement age	63	63
Mortality during employment	SA85-90	SA85-90
Members withdrawn from services: (Average for Males and Females)		
Age 20 - 24	16	16
Age 25 - 29	7	7
Age 30 - 34	5	5
Age 35 - 39	4	4
Age 40 - 44	3	3
Age 45 - 49	2	2
Age 50 - 54	1	1
Age 55+	-	-
	<u>39,968,713</u>	<u>32,909,716</u>

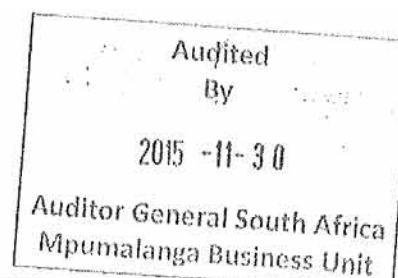
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23. Remuneration of Councillors		
Executive Mayor	662,878	645,549
Speaker	538,074	516,439
Chief Whip	497,191	484,162
MMC: Finance and Technical Services	497,191	484,162
MMC: Corporate Services and Human Settlement	497,191	484,162
MMC: Community Services and Public Safety	497,191	484,162
Portfolio Chairperson: MPAC	255,207	248,536
Portfolio Chairperson: Land Use Committee	255,207	248,536
Ordinary Councillors	5,183,826	3,832,479
	8,883,956	7,428,187
24. Debt impairment		
Contributions to debt impairment provision	(37,027,461)	28,147,172
Debts impaired	58,223,529	-
	21,196,068	28,147,172
25. Investment Revenue		
Interest revenue	-	260,384
Bank	-	-
26. Fair value adjustments		
Investment property (Fair value model)	-	147,470,477
27. Depreciation and Amortisation		
Property, plant and equipment	86,017,544	89,241,447
Intangible assets	112,027	87,410
	86,129,571	89,328,857
28. Finance Costs		
Bank	342	-
Interest paid	35,900,852	23,681,158
	35,901,194	23,681,158
29. Auditors' Remuneration		
Audit fees	3,808,748	3,236,783
30. Rental of facilities and equipment		
Premises	2,660,946	2,207,491
Premises	-	1,311
Venue hire	2,660,946	2,208,802

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31. Contracted Services

Information Technology Services	7,852,513	10,567,863
Security Services	4,765,585	13,117,892
Insurance Services	8,424,487	-
Other Contractors	32,959,691	24,638,781
	54,002,276	48,324,536

32. Bulk purchases

Electricity	131,021,276	115,401,687
-------------	-------------	-------------

33. Cash generated from operations

(Deficit) surplus	(58,707,318)	25,694,727
Adjustments for:		
Depreciation and amortisation	86,129,571	89,328,857
Fair value adjustments	-	(147,470,477)
Impairment deficit	650,657	994,568
Debt impairment	21,196,068	28,147,172
Movements in retirement benefit assets and liabilities	4,073,564	4,521,787
Movements in provisions	469,611	1,828,565
Other non-cash items	(6,561,640)	445,995
Changes in working capital:		
Inventories	1,299,782	(287,743)
Consumer debtors	(28,626,555)	(10,846,024)
Other receivables from non-exchange transactions	(58,838,048)	(10,821,451)
Payables from exchange transactions	83,074,451	90,539,259
VAT	589,960	(6,664,834)
Unspent conditional grants and receipts	9,131,999	(9,488,452)
Consumer deposits	325,776	419,498
	54,207,878	56,341,447

34. Commitments

Authorised expenditure

Already contracted for but not provided for

• Property, plant and equipment	12,000,000	2,868,002
• Contractual Operating Commitments	33,549,288	27,962,720
• General Operating Commitments	4,485,315	-
	50,034,603	30,830,722

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	1,847,132	7,875,114
- in second to fifth year inclusive	3,900,000	6,757,164
	5,747,132	14,632,278

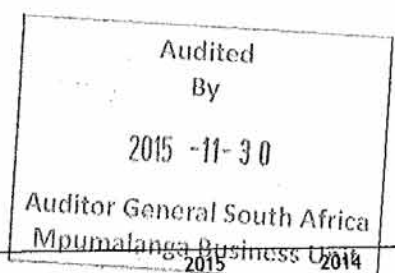
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35. Contingencies

Thaba Chweu VS Telkom SA
Damaged Cables

Thaba Chweu VS AfriForum
Application to access qualifications of Senior
Managers

Thaba Chweu VS SAMWU obo Members
SAMWU is seeking the implementation of placement for
its members

Thaba Chweu VS Lesiba Christian Rale
Supplier claiming for unpaid Invoices

Thaba Chweu VS VD Transcribers cc
Recision application brought by the municipality against a
default judgement. Applicant claims for work completed
and paid for

Thaba Chweu VS Matabane Civils Construction
Plaintiff claims for services rendered but not paid for

Thaba Chweu VS Jako de Klerk & Marietjie Malan
Claim for damages for five horses allegedly elotrocuted
by municipal electrical poles
Thaba Chweu VS Potatoe Seed Production
Applicant was granted for an order interdicting the
municipality from terminating the electrical supply.

Thaba Chweu VS Hendrik J Samuels
Plaintiff claiming against the municipality

Thaba Chweu VS Rifana InvestmentsBK
Applicant was granted for an order interdicting the
municipality from terminating the electrical supply

Thaba Chweu VS Deon Broekman
Claim that services were provided on behalf of Council

Thaba Chweu VS Eben Botha
Plaintiff claiming against the municipality

Thaba Chweu VS Mike Mashile and Others
Plaintiff claiming that they were illegally evicted

Thaba Chweu VS Unidentified Occupiers (Chinese)
Eviction of illegal land occupiers

Thaba Chweu VS Unidentified Occupiers (Mashishing)
Eviction of illegal land occupiers

Thaba Chweu VS CW Bond
Injuries Sustained on municipal road

Thaba Chweu VS JM Bond
Injuries Sustained on municipal road

1,722,736

750,000

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Figures in Rand	2015	2014
Thaba Chweu VS Unidentified Occupants (Beverly Hills) Eviction of illegal land occupiers	1,200,000	
Thaba Chweu VS Nkanyezi Petro Mhlanga Claim for services rendered but no payment	-	
Thaba Chweu VS Avenkumar Harigen Claim against the municipality	-	
Thaba Chweu VS Roza Essack Applicant was disconnected and went to court to force the municipality to reconnect her.	-	
Thaba Chweu VS Tassons Investments BK Applicant was disconnected and went to court to force the municipality to reconnect him/her.	-	
Thaba Chweu VS Rifana Investments BK Applicant was disconnected and went to court to force the municipality to reconnect him.	-	
Thaba Chweu VS Sala Applicant claimed for interest on late payments of pension fund	-	
36. Related parties		
Related party balances		
Municipal Contribution THALEDA - Owning (to) by related parties THALEDA	(1,039,519)	(1,039,519)

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37. Prior Period Errors

A

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Increase in property, plant and equipment	- 1,271,991,552
(Decrease) in investment property	- (58,830,054)
Increase in intangible assets	- 77,361
Increase in receivable from non-exchange	- 445,311
Increase in cash and cash equivalents	- 683
(Increase) in accumulated surplus	- (1,213,684,853)

Statement of Financial Performance

Increase in depreciation expense	- 56,213,575
(Decrease) in assets impairment	- (545,661)
Increase in intangible assets amortisation	- 37,797
(Increase) in other income	- (445,994)
Increase in other income	- 851,543
(Decrease) in interest received - investment	- (851,543)

Cashflow statement

Cash flow from operating activities

Increase in other income	- (445,994)
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Cash flow from investing activities

Increase in depreciation and amortisation	- 56,042,266
(Decrease) in assets impairment	- (545,661)
	- 55,496,605

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Category

Current Assets

Inventories

Other receivables from exchange transactions

Other receivables from non-exchange transactions

Vat receivable

Other financial assets

Cash and cash equivalents

Non Current Assets

Property, plant and equipment

Investment property

Long term investments

Long term investments

Long term investments

Total Assets

Current liabilities

Trade and other payables from exchange transactions

Consumer deposits

Conditional grants and receipts

Provisions

Bank overdraft

Current portion of long term loan

Defined obligation

Non current liabilities

Long term liability

Defined benefit obligations

Current liabilities

Long term liability

Total liabilities

Donations and public contributions

Property rates

Service Charges

Rental of facilities and equipment

Income from agency services

Government grants and subsidies

Other Income

Fines

Fees earned

Interest on investments

Total Income

Employee related costs

Remuneration of councillors

Depreciation and amortisation

Finance costs

Repairs and maintenance

Bulk purchases

Contracted services

Other expenses

Total expenditure

Loss on sale of assets

Surplus(deficit for the year)

38. Risk Management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

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2015	2014

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

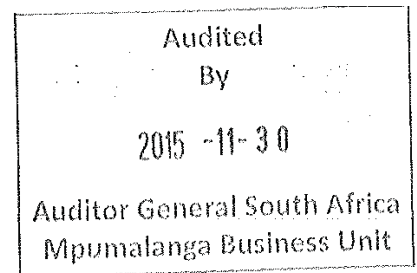
Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

39. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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40. Unauthorised expenditure		
Add: Current Year	43,403,811	-

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Figures in Rand

	2015	2014
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41. Fruitless and Wasteful Expenditure

Opening Balance	11,631,999	1,522,701
Add: Fruitless & Wasteful Expenditure	14,658,542	10,109,298
Awaiting Council Condonment	26,290,541	11,631,999

Fruitless and wasteful expenditure for the year relates to interest charged on overdue accounts due to financial constraints of the municipality.

42. Irregular Expenditure

Opening balance	150,572,270	76,673,339
Add: Irregular Expenditure - current year	20,606,305	73,898,931
Awaiting Council Condonment	171,178,575	150,572,270

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2015

2014

Details of irregular expenditure - current year

	Disciplinary steps taken/criminal proceedings	
Ikotwe Plant Hire	SCM Procedures not followed: referred to MPAC for investigation	5,968
600SA Holdings (PTY) LTD	SCM Procedures not followed: referred to MPAC for investigation	13,365
Supa Quick Nelspruit	SCM Procedures not followed: referred to MPAC for investigation	20,424
Lydenburg Toyota	SCM Procedures not followed: referred to MPAC for investigation	14,681
Westvaal Mashishing	SCM Procedures not followed: referred to MPAC for investigation	9,444
Union Motors Lowveld	SCM Procedures not followed: referred to MPAC for investigation	2,368
Get There Security Services	SCM Procedures not followed: referred to MPAC for investigation	176,000
Sbongiseni Security Services	SCM Procedures not followed: referred to MPAC for investigation	54,720
Sbongiseni Security Services	SCM Procedures not followed: referred to MPAC for investigation	121,200
Sbongiseni Security Services	SCM Procedures not followed: referred to MPAC for investigation	180,000
Sbongiseni Security Services	SCM Procedures not followed: referred to MPAC for investigation	54,720
Get There Security Services	SCM Procedures not followed: referred to MPAC for investigation	176,000
Hlathi Maphanga Maintenance & Plumbing	SCM Procedures not followed: referred to MPAC for investigation	27,620
Mash FM	SCM Procedures not followed: referred to MPAC for investigation	29,600
Government Printing Works	SCM Procedures not followed: referred to MPAC for investigation	2,714
Lydenburg Toyota	SCM Procedures not followed: referred to MPAC for investigation	11,807
Phalafala Yalla Trading and Projects	SCM Procedures not followed: referred to MPAC for investigation	38,874
Phalafala Yalla Trading and Projects	SCM Procedures not followed: referred to MPAC for investigation	67,260
No1 Cleaning Services	SCM Procedures not followed: referred to MPAC for investigation	2,000
Nare and Gonego Business	SCM Procedures not followed: referred to MPAC for investigation	9,000
Mathata Security Services	SCM Procedures not followed: referred to MPAC for investigation	27,851
Landis & Gyr (PTY) LTD	SCM Procedures not followed: referred to MPAC for investigation	173,833
Viscon CMS Conveyor Mining Supplies	SCM Procedures not followed: referred to MPAC for investigation	2,659
Glassfit	SCM Procedures not followed: referred to MPAC for investigation	2,887
Ian Dickies	SCM Procedures not followed: referred to MPAC for investigation	15,945
Mandlakazi Electrical Technologies	SCM Procedures not followed: referred to MPAC for investigation	184,602
Lateral Unison Insurance Brokers	SCM Procedures not followed: referred to MPAC for investigation	300,000
Government Printing Works	SCM Procedures not followed: referred to MPAC for investigation	22,928
Dawson & Dobson	SCM Procedures not followed: referred to MPAC for investigation	23,014

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Makherenthla Trading	SCM Procedures not followed: referred to MPAC for investigation	315,789
Lybasol Motors	SCM Procedures not followed: referred to MPAC for investigation	2,042
Ian Dickie	SCM Procedures not followed: referred to MPAC for investigation	15,945
Ian Dickie	SCM Procedures not followed: referred to MPAC for investigation	21,347
Huson Panelbeaters & Haildent Specialist	SCM Procedures not followed: referred to MPAC for investigation	2,193
Mavutha Contractors Enterprise CC	SCM Procedures not followed: referred to MPAC for investigation	434,861
Postnet Lydenburg	SCM Procedures not followed: referred to MPAC for investigation	2,175
Central Fluid Sealing & Hydraulic Supply	Sole Service Provider	14,000
Postnet Lydenburg	SCM Procedures not followed: referred to MPAC for investigation	7,134
Amahayena Holdings	SCM Procedures not followed: referred to MPAC for investigation	19,500
Technodom Trading	SCM Procedures not followed: referred to MPAC for investigation	91,929
Phalafala Yalla Trading and Projects	SCM Procedures not followed: referred to MPAC for investigation	179,796
Sibongiseni Security	SCM Procedures not followed: referred to MPAC for investigation	64,195
Conway General Trading Lydenburg	SCM Procedures not followed: referred to MPAC for investigation	2,604
Conway General Trading Lydenburg	SCM Procedures not followed: referred to MPAC for investigation	3,236
Conway General Trading Lydenburg	SCM Procedures not followed: referred to MPAC for investigation	2,665
Conway General Trading Lydenburg	SCM Procedures not followed: referred to MPAC for investigation	1,658
Conway General Trading Lydenburg	SCM Procedures not followed: referred to MPAC for investigation	674
Conway General Trading Lydenburg	SCM Procedures not followed: referred to MPAC for investigation	5,959
LED Electrical and Pump	SCM Procedures not followed: referred to MPAC for investigation	138,268
Truvello	SCM Procedures not followed: referred to MPAC for investigation	6,437
Tswelela-Obonale Construction	SCM Procedures not followed: referred to MPAC for investigation	181,701
Falaza Electrical Enterprise (PTY) LTD	SCM Procedures not followed: referred to MPAC for investigation	33,333
Union Motors	SCM Procedures not followed: referred to MPAC for investigation	7,503
Lwakithi Trading Enterprise	SCM Procedures not followed: referred to MPAC for investigation	285,365
Wesno Holdings (PTY) LTD	SCM Procedures not followed: referred to MPAC for investigation	26,970
Lwakithi Trading Enterprise	SCM Procedures not followed: referred to MPAC for investigation	285,365
Southern Africa Fault Location	SCM Procedures not followed: referred to MPAC for investigation	28,241
Vari Holdings	SCM Procedures not followed: referred to MPAC for investigation	417,763
Amahayena Holding (PTY) LTD	SCM Procedures not followed: referred to MPAC for investigation	23,500
Vuthela Africa Security Services	SCM Procedures not followed: referred to MPAC for investigation	150,000

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Truvello Manufactures (PTY) LTD	SCM Procedures not followed: referred to MPAC for investigation	25,234
EB's Electrical Contractors	SCM Procedures not followed: referred to MPAC for investigation	25,351
Mokwatsane Attorneys	SCM Procedures not followed: referred to MPAC for investigation	70,000
Ferad	SCM Procedures not followed: referred to MPAC for investigation	29,391
Phalafala Yalla Trading and Projects	SCM Procedures not followed: referred to MPAC for investigation	30,390
EB's Electrical Contractors	SCM Procedures not followed: referred to MPAC for investigation	25,351
ANK Mining Supplies (PTY) LTD	SCM Procedures not followed: referred to MPAC for investigation	51,881
Airlink (PTY) LTD	SCM Procedures not followed: referred to MPAC for investigation	4,461
Serso Trading and Projects CC	SCM Procedures not followed: referred to MPAC for investigation	159,960
Lwakithi Trading Enterprise	SCM Procedures not followed: referred to MPAC for investigation	285,365
Sebata	Sole Service Provider	57,200
Serso Trading	SCM Procedures not followed: referred to MPAC for investigation	159,960
Amahayena Holdings	SCM Procedures not followed: referred to MPAC for investigation	7,327
Vuthela Africa Security Services	SCM Procedures not followed: referred to MPAC for investigation	97,500
Mash FM	Sole Service Provider	6,450
Mash FM	Sole Service Provider	4,600
Amani Boutique Hotel	SCM Procedures not followed: referred to MPAC for investigation	2,188
T.M Chauke Attorneys	SCM Procedures not followed: referred to MPAC for investigation	229,569
Tornel Props	SCM Procedures not followed: referred to MPAC for investigation	12,920
Phalafala Yalla trading and Projects	SCM Procedures not followed: referred to MPAC for investigation	63,183
ERMSA Electrical Holdings	SCM Procedures not followed: referred to MPAC for investigation	76,960
Advert	GPS News and Printing	12,925
Mash FM	SCM Procedures not followed: referred to MPAC for investigation	108,000
Lateral Unison Insurance Brokers	SCM Procedures not followed: referred to MPAC for investigation	79,182
AC Electromech Maintenance Services 101c	SCM Procedures not followed: referred to MPAC for investigation	74,107
Lwakithi Trading Enterprise	SCM Procedures not followed: referred to MPAC for investigation	285,365
Lydenburg Brake and Clutch	SCM Procedures not followed: referred to MPAC for investigation	7,100
Lydenburg Brake and Clutch	SCM Procedures not followed: referred to MPAC for investigation	12,420
Lateral Unison Insurance brokers	SCM Procedures not followed: referred to MPAC for investigation	153,750
Lydenburg Brake and Clutch	SCM Procedures not followed: referred to MPAC for investigation	4,550
EB's Electrical Contractors	SCM Procedures not followed: referred to MPAC for investigation	12,700
Silver Solutions 2259 CC	SCM Procedures not followed: referred to MPAC for investigation	149,578

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Mash Vision	SCM Procedures not followed: referred to MPAC for investigation	695,600
Nomcebo Consulting Enterprise	SCM Procedures not followed: referred to MPAC for investigation	22,751
Matsane Attorneys	SCM Procedures not followed: referred to MPAC for investigation	94,327
Thaba Chweu News	Sole Services	21,355
Lwakithi Trading Enterprise	SCM Procedures not followed: referred to MPAC for investigation	285,365
Government Printing Works	Sole Service Provider	12,036
Phanda Phandle	SCM Procedures not followed: referred to MPAC for investigation	88,400
MM Mkhonto Construction	SCM Procedures not followed: referred to MPAC for investigation	46,150
Skhila Driving School	SCM Procedures not followed: referred to MPAC for investigation	105,950
Bothila Trading	SCM Procedures not followed: referred to MPAC for investigation	435,500
Bothila Trading	SCM Procedures not followed: referred to MPAC for investigation	508,745
Lwakithi Trading Enterprise	SCM Procedures not followed: referred to MPAC for investigation	155,000
Avis Van Rental	SCM Procedures not followed: referred to MPAC for investigation	48,163
Pimulekwa Office	SCM Procedures not followed: referred to MPAC for investigation	959,571
Avis Van rental	SCM Procedures not followed: referred to MPAC for investigation	49,979
Moribo Security	SCM Procedures not followed: referred to MPAC for investigation	201,789
Moribo Security	SCM Procedures not followed: referred to MPAC for investigation	83,000
Pimulekwa Office	SCM Procedures not followed: referred to MPAC for investigation	201,789
Ntswari Projects	SCM Procedures not followed: referred to MPAC for investigation	104,000
Simon Billy Trading	SCM Procedures not followed: referred to MPAC for investigation	173,592
Bothila Trading	SCM Procedures not followed: referred to MPAC for investigation	525,000
Born to Protect	SCM Procedures not followed: referred to MPAC for investigation	877,608
Moribo Security	SCM Procedures not followed: referred to MPAC for investigation	201,789
Moribo Security	SCM Procedures not followed: referred to MPAC for investigation	201,789
Zwelande Trading	SCM Procedures not followed: referred to MPAC for investigation	43,000
Simon Billy Trading	SCM Procedures not followed: referred to MPAC for investigation	173,592
Bothila Trading	SCM Procedures not followed: referred to MPAC for investigation	462,500
Avis Car Rental	SCM Procedures not followed: referred to MPAC for investigation	48,608
Avis Car Rental	SCM Procedures not followed: referred to MPAC for investigation	48,638
Moribo Trading	SCM Procedures not followed: referred to MPAC for investigation	142,394
Lwakithi Trading Enterprise	SCM Procedures not followed: referred to MPAC for investigation	155,000

Thaba Chweu Local Municipality
(Registration number MP321)
Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Audited
By
2015 -11- 3 ...
Auditor General South Africa
Mpumalanga Business Unit

Figures in Rand	2015	2014
Born to Protect	SCM Procedures not followed: referred to MPAC for investigation	885,697
Moribo Trading	SCM Procedures not followed: referred to MPAC for investigation	230,040
Born to Protect	SCM Procedures not followed: referred to MPAC for investigation	718,552
Eco Mare	SCM Procedures not followed: referred to MPAC for investigation	263,157
Lwakithi Trading Enterprise	SCM Procedures not followed: referred to MPAC for investigation	155,000
MMT Projects	SCM Procedures not followed: referred to MPAC for investigation	145,614
Vari Holdings	SCM Procedures not followed: referred to MPAC for investigation	417,763
Born to Protect	SCM Procedures not followed: referred to MPAC for investigation	319,312
Pridop Security	SCM Procedures not followed: referred to MPAC for investigation	319,133
Kgalemelang Security	SCM Procedures not followed: referred to MPAC for investigation	77,800
Taushigo	SCM Procedures not followed: referred to MPAC for investigation	120,400
CES Security	SCM Procedures not followed: referred to MPAC for investigation	150,751
Pridop Security	SCM Procedures not followed: referred to MPAC for investigation	223,075
Born to Protect	SCM Procedures not followed: referred to MPAC for investigation	377,639
CES Security	SCM Procedures not followed: referred to MPAC for investigation	212,155
Taushigo	SCM Procedures not followed: referred to MPAC for investigation	120,400
Overtime	Overtime Claims in excess of threshold: referred to MPAC for investigation	1,828,287
		20,606,305

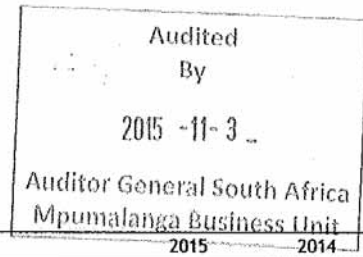
Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand



43. Deviations from supply chain regulations

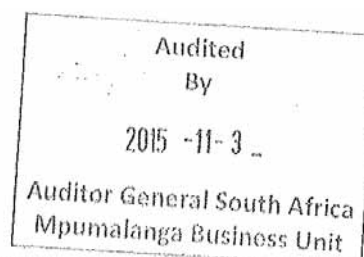
Vendor name	Reason for deviation	Amount
Ikotwe Plant Hire	Emergency	6,804
600SA holding (PTY) Ltd	Sole Service Provider	15,236
Supa Quick Nelspruit	Sole Service Provider	23,283
Lydenburg Toyota	Sole Service Provider	16,736
Westvaal Mashishing	Sole Service Provider	10,766
Union Motors Lowveld	Sole Service Provider	2,700
Get There Security Services	Emergency	176,000
Sibongiseni Security Services	Emergency	54,720
Sibongiseni Security services	Emergency	121,200
Sibongiseni Security Services	Emergency	180,000
Sibongiseni Security Services	Emergency	54,720
Get There Security Services	Emergency	176,000
Hlathi Maphanga Maintenance & Plumbing	Emergency	27,620
Mash FM	Sole Service Provider	29,600
Government Printing works	Sole Service Provider	3,094
Lydenburg Toyota	Sole Service Provider	13,460
Phalafala Yalla Trading & Projects	Emergency	38,874
Phalafala Yalla Trading & Projects	Emergency	67,260
No1 Cleaning Services	Emergency	2,000
Nare & Gonego Business	Emergency	9,000
Mathata Security services	Emergency	31,750
Landis + Gyr (PTY) Ltd	Sole Service Provider	198,169
Viscon CMS Conveyor Mining Supplies	Sole Service Provider	3,032
Glassfit Lydenburg	Sole Service Provider	3,292
Ian Dickles	Sole Service Provider	18,177
Mandlakazi Electrical Technologies	Emergency	210,447
Lateral Unison Insurance Brokers	Emergency	342,000
Government Printing Works	Sole Service Provider	26,138
Dawson and Dobson	Emergency	26,236
Makherenthla Trading	Emergency	360,000
Lybasol Motors	Emergency	2,328
Ian Dickie	Sole Service Provider	18,177
Ian Dickie	Sole Service Provider	24,336
Huson Panelbeaters & Haildent Specialist	Sole Service Provider	2,500
Mavutha Contractors Enterprise CC	Emergency	495,742
Postnet Lydenburg	Emergency	2,480
Central Fluid Sealing & hydraulic Supply	Sole Service Provider	15,960
Postnet Lydenburg	Emergency	8,133
Amahayena Holdings (PTY) Ltd	Emergency	19,500
Technodom trading	Emergency	91,929
Phalafala Yalla Trading & Projects	Emergency	179,796
Sibongiseni Security	Emergency	64,195
Conway General Lydenburg	Sole Service Provider	2,969
Conway General Lydenburg	Sole Service Provider	3,690
Conway General Lydenburg	Sole Service Provider	3,038
Conway General Lydenburg	Sole Service Provider	1,891
Conway General Lydenburg	Sole Service Provider	769
Conway General Lydenburg	Sole Service Provider	6,794
LED Electrical & Pump	Emergency	157,626
Truvello	Sole Service Provider	7,338
Tswelala-Obonale Construction	Emergency	181,701
Falaza Electrical Enterprise (PTY) Ltd	Emergency	38,000
Union Motors	Sole Service Provider	8,554
Lwakithu Trading Enterprise	Emergency	285,365
Wesno Holdings (PTY) Ltd	Emergency	26,970
Lwakithu Trading Enterprise	Emergency	285,365
Southern Africa Fault Location	Emergency	32,195
Vari Holdings	Emergency	476,250

Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements



Figures in Rand		2015	2014
Amahayena Holdings (PTY) Ltd	Emergency		23,500
Vuthela Africa Security Services	Emergency		171,000
Truvello	Sole Service Provider		28,767
EB's Electrical Contractors	Sole Service Provider		28,900
Mokwatsane Attorneys	Emergency		70,000
Ferad	Emergency		33,506
Phalafala Yalla Trading & Projects	Emergency		30,390
EB's Electrical Contractors	Emergency		33,460
ANK Supplies (PTY) Ltd	Sole Service Provider		59,145
Airlink (PTY)Ltd	Sole Service Provider		4,461
Serso trading & Projects cc	Emergency		182,354
Lwakithi Trading Enterprise	Emergency		285,365
Sebata Municipal Solution	Sole Service Provider		65,208
Serso trading & Projects cc	Emergency		182,354
Amahayena Holdings	Emergency		7,327
Vuthela Africa Security Services	Emergency		111,150
Mash FM	Sole Service Provider		6,450
Mash FM	Sole Service Provider		4,600
Amani Boutique Hotel	Emergency		2,188
TM Chauke Attorneys	Emergency		261,709
Tornel Props	Emergency		14,729
Phalafala Yalla Trading & Projects	Emergency		63,183
ERMSA Electrical Holdings	Emergency		87,735
GPS News and Printing	Emergency		14,735
Mash FM	Sole Service Provider		108,000
Lateral Unison Insurance	Emergency		90,267
AC Electromech Maintenance Services 101c	Emergency		84,482
Lwakithi Trading Enterprise	Emergency		285,365
Lydenburg Brake & Clutch	Emergency		8,094
Lydenburg Brake & Clutch	Emergency		14,159
Lateral Unison Insurance Brokers	Emergency		175,275
Lydenburg Brake & Clutch	Emergency		5,187
EB'S Electrical	Emergency		14,478
Silver Solutions 2259 cc	Emergency		170,520
Mash Vision	Emergency		792,984
Nomcebo Consulting Enterprise	Emergency		25,937
Matsane Attorneys	Emergency		94,327
Thaba Chweu News	Sole Service Provider		21,355
Lwakithi Trading Enterprise	Emergency		285,365
Government Printing Works	Sole Service Provider		13,721
			8,653,637

44. Budget differences

Material differences between budget and actual amounts

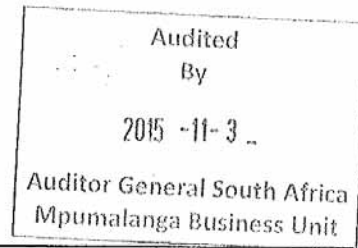
Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand



2015

2014

- 42.1 Service Charges: Customers did not fully honour their current accounts during the financial year hence the difference
- 42.2 Income from Agency Services: Under budgeting during the adjustment budget period because of the status of collections at half year.
- 42.3 Other Income: Under budgeting during the financial year.
- 42.4 Property Rates: Implementation of the new Valuation Roll
- 42.5 Government grant and Subsidies: The difference is caused by the unspent conditional grant and the recognition of the unspent conditional grant of the previous financial year
- 42.6 Traffic Fines: Under budgeting during the financial year
- 42.7 Personnel: Employment of new employees and overtime payments
- 42.8 Depreciation: Restatement of PPE
- 42.9 Finance Costs: Interest Charged on overdue Eskom account
- 42.10 Debt Impairment: Assessment of recoverability of existing debt per account
- 42.11 Bulk Purchases: Slight under budgeting and exceeding of the notified maximum demand
- 42.12 General Expenses: Under budgeting during the beginning of the financial year even though the municipality did adjust the expenditure upwards during the Mid year assessment

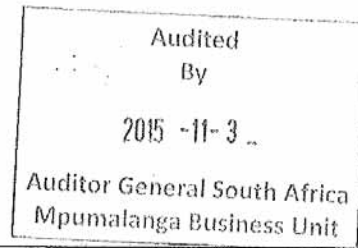
Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand



2015

2014

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CHAPTER: 6

APPENDIX A AUDITOR-GENERALS REPORT

Auditor's report

Thaba Chweu Local Economic Development Agency

30 June 2015

Report of the auditor-general to the Mpumalanga Provincial Legislature and the council on the Thaba Chweu Local Economic Development Agency

Report on the financial statements

Introduction

1. I have audited the financial statements of the Thaba Chweu Local Economic Development Agency set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipal entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Thaba Chweu Local Economic Development Agency as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and the Companies Act.

Additional matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Unaudited disclosure notes

8. In terms of section 125(2)(e) of the MFMA, the entity is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Unaudited supplementary schedules

9. The supplementary information set out on pages ... to ... does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objective presented in the annual performance report of the municipal entity for the year ended 30 June 2015:
 - Local economic development objective, on pages ... to ...
12. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

13. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development objective. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information.
14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
15. I did not identify material findings on the usefulness and reliability of the reported performance information for the following development objective:
 - Local economic development objective

Additional matter

16. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected development objective, I draw attention to the following matter:

Achievement of planned targets

17. Refer to the annual performance report on pages ... to ... for information on the achievement of the planned targets for the year.

Compliance with legislation

18. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Procurement and contract management

19. Goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, contrary to supply chain management regulation 17(a) and (c).

Annual financial statements, performance report and annual report

20. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of property, plant and equipment, current liabilities and capital commitments identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Internal control

21. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Leadership

22. The accounting officer did not review and monitor compliance with applicable legislation.

Financial and performance management

23. Management at the appropriate level did not ensure that compliance with applicable laws and regulations was adequately reviewed and monitored throughout the year.

Governance

24. The accounting officer did not implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of information technology risks and fraud prevention, were conducted and that a risk strategy was developed and monitored to address the risks.

Auditor-General

Mbombela

30 November 2015



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

APPENDIX B

THALEDI ANNUAL REPORT

3rd Annual Report for the year ended **30 June 2015**

[2014/15 Annual Report]

Thaba Chweu Local Economic Development Agency (Pty) Ltd
Registration number: 2010/017614/07

Agency Details:

THALEDA Office
69 Main Street
Sabie
1260

P.O. Box 876
Sabie
1260

Telephone: (+2713) 764 3153
Fax: (+2713) 764 2614
E-mail: info@thaleda.co.za
Website Address: www.thaleda.co.za

Shareholders: Thaba Chweu Local Municipality

Bankers: First National Bank, Sabie, (+2713) 764 1264

Accountants: Maake & Associates Professional Accountants (SA)

Auditors: Auditor General of South Africa

Business Profile

THALEDA is the Municipal Entity established under section 84 of the MFMA (Municipal Finance Management Act), and wholly owned by Thaba Chweu Local Municipality. The Municipal Entity known as the Thaba Chweu Local Economic Development Agency (Pty) Ltd (THALEDA) was incorporated as a private company limited with Thaba Chweu Local Municipality as the 100% shareholder.

The Agency was established following an agreement between the Industrial Development Corporation (IDC) and Thaba Chweu Local Municipality to advance and leverage the development and job creation potential inherent within Thaba Chweu Local Municipality area. The entity works with the Municipality and other key stakeholder to facilitate and support economic development and related projects; and the potential downstream private sector opportunities that may arise.

Contents

Foreword by Executive Mayor

Chairpersons' Remarks

Board of Directors

Chief Executive Officer's Remarks

Business Profile

Sustainability Report

Corporate Governance

Annual Financial Statement

Auditor General Report

Vision: "The tourism home of the scenic wonders of Africa"

Mission: "To provide a tourism based development local government by rendering world class quality services, socio and economic development, a safe and healthy environment, public participation and tourism enhancement."



Foreword by Executive Mayor

It is my privilege to share some thoughts in the THALEDA's Annual Report 2014/15. The Annual Report provides an opportunity to reflect on the significance of economic development in Thaba Chweu Local Municipality – and on the contribution that THALEDA makes in assisting the municipality's transformation into a growing and vibrant economy.

The 2014/15 financial year has seen the Agency further advance from management of project planning phases to their implementation phases. This is indeed a mammoth task which also necessitated the augmentation of the Agency with additional personnel and resources.

Thaba Chweu Local Municipality is pleased with the Agency thus far and we are confident that it will deliver on its projects as set out in its five-year Business Plan.

I like to take this opportunity to express my gratitude to the outgoing Board of Directors for the sterling work done during their tenure. I would also congratulate the new Board members on their appointment and I am looking forward to a rewarding and positive relationship with them.

Furthermore, I would like to thank management and staff of THALEDA for their hard work in ensuring that the Agency meets its mandate. I would like to give assurance to the Board, management and staff of our continued support and we know that their efforts will eventually result in the reduction of poverty, unemployment and inequality in our Municipality.

In conclusion, it is my greatest wish that God may bless the Agency beyond measure by providing divine guidance, protection and inspiration to the Board, management and staff.

Cllr. S Mashego

Executive Mayor

Thaba Chweu Local Municipality

Vision and Mission

Vision

"To be an effective and sustainable agency of excellence for the economic development of Thaba Chweu Local Municipality."

Mission

To facilitate integrated economic development through high impact investments which create decent employment opportunities.

Values

Integrity

Excellence

Respect

CHAIRMAN'S REMARKS

I present to you the Annual Report for the Thaba Chweu Local Economic Development Agency (THALEDA). This year has been filled with institutional changes due to the growth of the Agency and its operations.



The business context of the Agency is clear: many South Africans lead a precarious existence. There are not enough jobs and too many working and remaining poor. The Agency was established to address and advance gaps in Local Economic Development (LED), planning and coordination of projects, so that working together with the Municipality (TCLM), other parts of government and business, we can have better economic and employment outcomes. The work of the

Agency in this year continues to address local economic growth, create investment opportunities and address the concerns of TCLM community and the many other South Africans who face the challenges of poverty, inequality and unemployment.

Projects:

This is based on the mandate of the Agency set by Thaba Chweu Local Municipality and Agency funding Partner the Industrial Development Corporation (IDC) last year on THALEDA

programmes. THALEDA demonstrated an ability to produce sustainable levels of performance as planned.

The Environment

We face a massive employment challenge: for the past few decades, the economy has not created enough jobs for those South Africans able and willing to work. This resulted in unemployment levels that were among the highest in the world. This has been compounded by the recession caused by the most serious economic crisis that the world has faced in the past years and labour unrests in the mining and manufacturing industry. What started as a financial crisis rapidly spread to the real economy and impacted on jobs.

THALEDA strives to improve local economic development and the employment performance of our area.

THALEDA's operations have been benchmarked against some well-developed players and this has steered it into becoming efficient and adoption of correct financial management. Areas have been identified with the potential for great investment in our area. They are infrastructure development; the green economy; the manufacturing sector; knowledge economy activities; the rural, agriculture and agro-processing sector; tourism and business process services; the social economy which includes cooperatives; public sector growth; and local economy.

Financial contributions from IDC and other donors are appreciated as they assist the programme outcomes. This assists to put THALEDA in the sound financial position; allowing it to meet all financial obligations so far.

The Audit and Risk Committee was constituted to ensure sound and proper internal controls. It is mandated by the Board to give attention to the strategic opportunities as well as areas of development created by the transition of setting up the Agency and operating.

THALEDA will comply with all legislation and in future will report more comprehensively in terms of all legislation applicable due to the growth of the Agency.

THALEDA has established itself well within the structures of the Municipality and it enjoys a warm collegial relationship with the TCLM; despite Municipal non-financial support impacting negatively on the Agency.

On behalf of the Board, I would like to express my appreciation to the management team for all their effort in this financial year. Also appreciation goes to the shareholder, TCLM, funders, communities of Thaba Chweu Municipal area, service providers and suppliers for their support.

Vusimuzi Mashabane
Chairperson

BOARD OF DIRECTORS

The Board of Directors was appointed in September 2014 through a Council Resolution after the first tenure of three years had lapsed. They were appointed through a process of interviews by the Municipal Council, such process considered qualifications, management, and experience in economic development, business and community development.

Vusimuzi Mashabane – Chairperson



Vusi Mashabane is a Development Specialist and holds a Master's Degree in Development (MDev), with cum laude in Leadership and Financial Management, a Bachelor of Administration Degree (B.Admin) from the University of Limpopo and further qualifications in Public Finance Management (Tukkies) and Project Management (Wits). Vusi has been involved in the public sector and has over 15 years of managerial experience, where he worked mainly in the Communications sphere. He's currently a Business Director for Uhuru Communications (Pty) Ltd that produces the following publications: Sawubona, Public Sector Manager, Municipal Focus, Roots etc. He is a prolific writer with great and contributes to the strategic direction of the publications in terms of content and editorial direction.

Bongani Sibiya – Board Member, Audit Committee Member



Bongani worked for CIDB as a Provincial Manager of Mpumalanga. He also worked for Gauteng Enterprise Propeller as a Business Relationship Manager, Gauteng Manufacturing Advisory Centre as an Industrial Advisor, Department of Correctional Services as Production Manager and Mondi as a Line Manager. He was an educator for the Western Cape Department of Education.



Pieter Du Plessis – Board Member

Piet has been in the Mpumalanga Province since 1996 and served as Director of Housing for the provincial government till the end of 1999. Before that he played a pivotal role in the development of a new housing policy for the country whilst working for the Development Bank of Southern Africa. At the end of 1999, Piet left government to start his own business and was involved in various urban development and tourism projects. His main focus is project management and the co-ordination and administration of developmental projects. He dedicated most of his life to development (30 years) in the fields of housing, economic development and tourism.



Zandile Mpungose – Board Member

Holds a BA (Law), LLB. Worked as a Manager Legal Affairs, Director: Legal – Contract Management for various government institutions including Pikitup.



Malebo Ledwaba – Board Member

Holds a B-Tech Management and currently studying MBA. Serve on the Council on Higher education, Council member for University of Mpumalanga, Programme Evaluator for SACE, Regional Quality Assurance Practitioner for Services Seta, Limpopo.



Bonginkosi Victor Mbungela – Board Member

Holds a B PROC. Worked as a lecturer, Candidate Attorney, Military Court Prosecutor and Commissioner of Small Claims Court.

CHIEF EXECUTIVE OFFICER'S REMARKS

About the CEO



Sindiswa Mathebula, commonly known as Sindi has more than 14 years of experience in developmental roles in large organisations across multiple industries. At York Timbers, she was responsible for Human Resources Development and Corporate Services. During this time she successfully crafted strategies to drive social and enterprise development objectives. Before York Timbers, Sindi occupied several senior management positions in Energy Industry Support and Engineering organisations in the fields of Quality Assurance, Human Resources Management, Project Management, Corporate Social Responsibility and Enterprise Development. She has an academic background in Engineering and Business Management, combining both of these knowledge bases to provide a solid foundation for the development agency and the execution of high level strategies.

This past year has been another very challenging one for the Agency. Slowing funding and high staff turnover of the parent municipality adversely impacted the overall business operations performance. Yet I'm proud that since the crisis, the team has assisted in refocusing to deliver project management opportunities and it continues to work tirelessly to ensure sustainability of the entity.

THALEDA is a dedicated commercial, flexible, agile entity to champion economic development and have invested within this past year in SMME development. During the year the project team profiled the local SMME's and delivered on a support program by up-skilling black entrepreneurs in business (in partnership with Ehlanzeni District Municipality). The program has been adopted to roll-over and it will help local SMME's contribute to future economic competitiveness of the area.

Let me recap our progress in 2015 towards addressing elements critical for programme development and lay out the agenda I have set for 2016 and beyond.

THALEDA (Pty) Ltd is a private company wholly owned by TCLM constituted through a council resolution. THALEDA has managed to maintain its own identity but still remain compliant with

the relevant Municipal legislation. THALEDA has also leveraged funding from the main funder IDC; by sourcing funding from private companies and National Government. We also filled our vacant posts, complementing the team to a total of 6 people with a further 151 temporary jobs created. Our funding supplementary leverage ratio improved to more than 100%. Both revenue and operating expenditure have grown to 80%. This shows capacity for the Agency to source funding and generate income in line with the sustainability plan.

For the past year I have been managing a growing team, facilitating projects, raising funds and dealing with ups & downs on a daily basis.

Looking ahead, we are off to a great start for 2016. The second revenue generating partnership project (Graskop Gorge Lift and Retail Centre) is ready to be signed off to the operator in the first quarter of 2016 as planned. The park construction project at Mashishing is being implemented with high quality standards. I think this gives evidence that THALEDA can deliver even in a challenging environment.

We believe that we had developed internal controls and systems to ensure best corporate governance and compliance to legislation in the past year. The Auditor-General's (AG) unqualified audit opinion was testament to that. Yet AG still observed some qualitative issues in our process that warrant further attention. It is clear that THALEDA is being held to the highest possible standard, a standard we are determined to meet as we have done in the past.

From previous lessons learnt, we have also shifted our focus from generally looking at the area based programs to sector based where there are high opportunities and programs that allowed clustering of sector opportunities. Also over and above project facilitation, the agency has embraced project management as one of the services or functions it renders for capital projects within Thaba Chweu to ensure sustainability. We expect to increase the funding leverage ratio significant year to year to realize the sustainability plan of the Agency.

Many thanks to the Parent Municipality, the Chairperson, the Board, the Audit and Risk Committee, the team and other stakeholders for playing a valuable role in meeting the challenges of our mandate this financial year.

Sindiswa Mathebula
Chief Executive Officer

THE TEAM

Felix Maiwashe



Felix Maiwashe
Finance Office
Administrator
(May 2015)

Jean Mantsengwane
Senior Project
Officer

Mildred Chiloane
Caretaker

Arnold Lowton
Office
Assistant

Sindiswa Mathebula
Chief Executive
Officer

Wenzel Mashele
Project Officer

BUSINESS PROFILE

Strategic Objectives

The principal objective of THALEDA is to be a vehicle to facilitate economic development within the parent municipality's jurisdiction through the initiation and/ or facilitation and implementation of high-impact and catalytic projects.

The key objectives of THALEDA as contained in its mandate document are as follows:

- Increasing Thaba Chweu Local Municipality's exposure to potential investors
- Promoting Thaba Chweu Local Municipality as a preferred destination for business location and investment
- Co-ordinating all assistance available to investors in order to provide them with comprehensive solutions
- Facilitation of strategic alliances, joint ventures and encourage participation of local communities
- Promotion of Public Private Partnerships (PPP)
- Provision of business support services
- Creation of networking platforms by inviting local, national and international delegates to conferences and exhibitions
- Promotion of Thaba Chweu products to new markets through trade missions and exhibitions
- To facilitate access to available factory space and industrial land
- To conduct feasibility studies and facilitate project funding
- Acting as agents for and on behalf of the Municipality for the purpose of implementing economic, social and environmental policies and projects in areas within the municipal boundaries
- To collect income, raise, receive and hold funds, or receive guarantees, from any lawful source, for the purpose of Agency and to manage, administer and disburse the funds in pursuance of the objectives of the Agency and for administrative purposes in

accordance with terms and conditions determined by the Agency and approved by the Municipality.

The Key Mandate

The mandate, as adopted by the Thaba Chweu Local Municipality (TCLM), endeavours to coordinate and manage TCLM sector capital investment and other programmes in order to deliver a range of development projects and programmes aimed at achieving the goals of the IDP, particularly in respect of a higher level of GDP and employment opportunities. Overall development implementation involves mechanisms to ensure that development is implemented as planned. This means that projects are implemented on budget, on time and within acceptable quality standards. In this regard, THALEDA may outsource specific project management functions with a planning, engineering, architecture, quantity surveying and social profile emphasis. THALEDA uses the so-called "consulting model". i.e. using the small efficient staff that drives a large consulting base to the desired output and in alignment with THALEDA's objectives.

THALEDA promotes economic growth within the Municipality through its efforts, basically entrenched in the upgrading of assets and the implementation of infrastructure projects that could be a catalyst for private sector downstream investment. These efforts include the areas of the Municipality that are either in decay or declining into decay, as well as other areas that could be developed from their original industrial base to a more non-industrial base (retail, residential, office and tourism/leisure/entertainment).

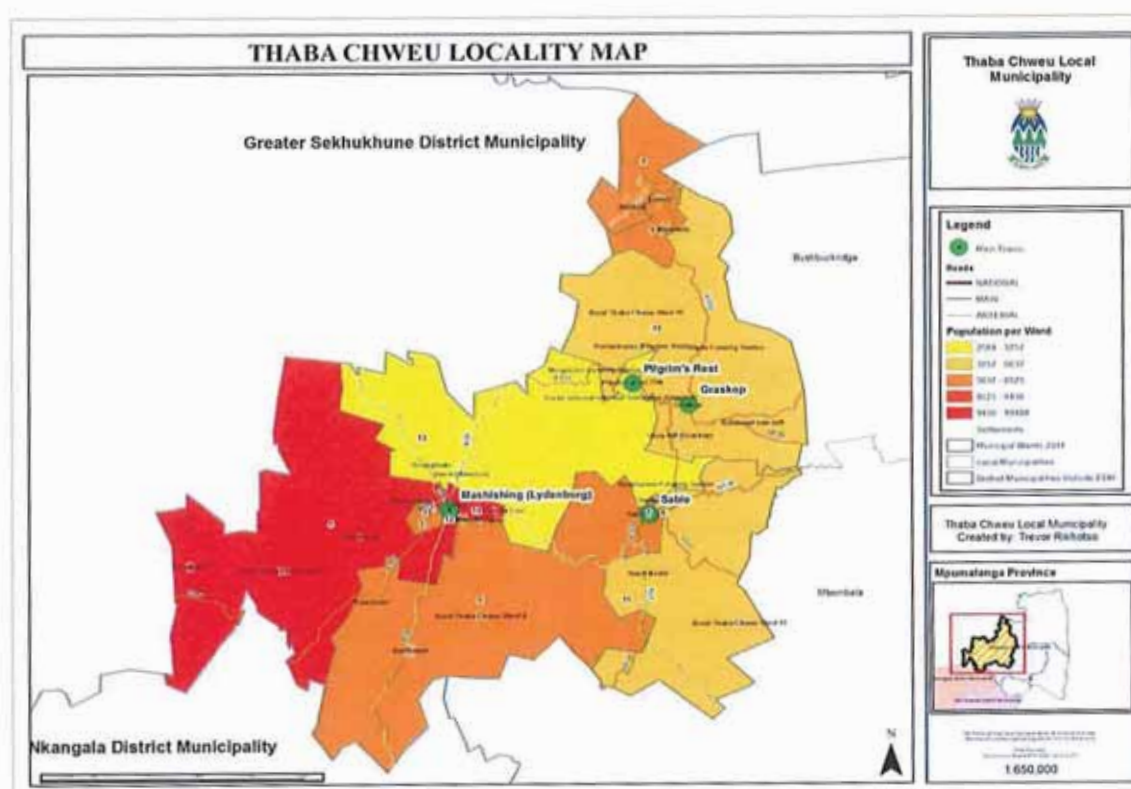
This could include areas such as the Graskop Resort and the Castle Rock Caravan Park, which was originally used as a tourism/ leisure facilities, which could be reinstated and upgraded for office and tourism/leisure/entertainment purposes.

THALEDA works in close cooperation with relevant management team of the TCLM in the identification and implementation of its projects and plans.

Accountability

THALED A receives its mandate from the TCLM and is contractually accountable to the TCLM to whom it undertakes a compliance reporting in respect of its Key Performance Areas (KPA's).

The Mandate Area



Stakeholder Relations

THALED A has a strong public participation profile and involves key agencies and stakeholders in its efforts. As an agent of the TCLM, THALED A interacts closely and regularly with the TCLM's directorates as well as other local entities, such as the Mpumalanga Tourism and Parks Agency (MTPA); the Sabie Chamber of Commerce & Tourism; Pilgrim's Rest Business & Tourism Chamber, Graskop Business Tourism Forum, Umjindi Local Economic

Development Agency (UMLEDA); and state entities and government departments such as Ehlanzeni District Municipality, Industrial Development Corporation (IDC), Provincial and National Treasury. THALEDA is continuing identifying other stakeholders and engaging with them.

The Business Model

The Agency is a proprietary limited company with an independent Board of Directors appointed by the Executive Mayor of the TCLM. It operates as an area-based development entity of the TCLM, undertaking multi-functional initiatives, involving multiple role-players and basing its efforts on a number of pillars, such as economic development project facilitation, the implementation of infrastructure projects and building a social profile to ensure that its efforts are not only seen as positive to residents of the Municipality and other stakeholders.

THALEDA follows the approach of:

- Conducting extensive research to ensure that the programmes and projects of THALEDA respond to what the market wants;
- Identifying dormant municipal properties and land that could be offered to the private sector for development to create revenue streams.
- Identifying key infrastructure projects that are implemented according to market demand and with the sole purpose of being a catalyst for private sector investment and confidence;
- Profiling TCLM particularly from a development point of view.

THALEDA manages projects from concept to operation and will ultimately hand these projects upgraded back to TCLM for the operations and maintenance thereof at the end of operation.

SUSTAINABILITY REPORT

This report seeks to inform stakeholders, including shareholders, communities and businesses about THALEDA's plans for long term sustainability.

Whilst there are several definitions of sustainability; and whilst other school of thoughts draw similarities between profit and sustainability; in the context of THALEDA, a municipal entity whose principal mandate is economic development rather than profit-making; sustainability in simpler terms means the ability of THALEDA to keep on with or without the funding from the IDC and the Parent Municipality. It further means less reliance on grant funding from fewer sources and having multiple sources of funding. Most important, sustainability for THALEDA must mean the ability to self-finance itself.

Sustainability Action Plan

Strategy	Actions	Person Responsible	Start & Due Date	Progress
Investment in revenue generating businesses	Identify sound business opportunities and negotiate 'free' profit sharing – acquired in 'kind', especially projects initiated by Agency	Board/CEO	2011 – On-going	Two community businesses identified that are underutilised and facilitated agricultural projects. PPP Agreement was signed and project implemented.
Investment in interest-bearing account	Continuously search for better interest-bearing financial instruments	CEO/Board	Current/ On-going	Investment account opened – 7 days' notice account with FNB
Acquire through purchase or donation office and/or business premises which will be leased to other tenants	Search and identify affordable buildings that can be acquired and renovated for office use and lease out to tenants	Board	2014	MTPA engaged regarding a fishery. At the land use agreement negotiation process. Castlerock Caravan Park acquired from Municipality through a Council Resolution to make it operational, currently being renovated and occupied by THALEDA
Take ownership or operational free lease from the Municipality revenue generating assets such as the resorts, museums, and other fixed properties	Identify unused premises/assets of the municipality that have revenue-generation potential and engage municipality to take them over	CEO	2013	Castlerock Caravan Park acquired from Municipality through a Council Resolution to make it operational Graskop Gorge project facilitated for the development of a Retail Centre and Glass Lift
Management and implementation, for a fee, of economic and enterprise development projects on behalf of the private sector and public sector institutions	Engage mines, big business government institutions and departments on enterprise development services Marketing and promotion of agency services and mandate.	CEO	2012 – On-going	Acquired a contract to implement DEA project to the value of R10 million. Facilitated the adoption of SLP for Stonewall mine for implementation by THALEDA to the value of R4.5 million
Hosting, management and coordination of business events	Engage municipality, local business chamber, SMMEs and other key local role players	CEO	2012 – On-going	Co-ordinated co-operatives workshops, Black women in business training and participated in the investment promotion event planned for EDM.

Performance Highlights of 2014/15

PROJECT	ACHIEVED
Industrial Park	Concluded the Township establishment and obtained the Land Use rights.
Waste management services	Youth in waste DEA project
Retail Node	Completed technical studies and submitted the land use application to DRDLR
Agricultural Hub	Implemented a 6ha fresh produce project – extended to another 6ha at Coromandel Farm
Sabie Caravan Park	Being renovated for its intended use and for THALEDA office space
Graskop Holiday Resort	PPP agreement concluded. Project in its operation phase.
Graskop Gorge	Records of decisions for the implementation of the project achieved.
Mashishing Community Park	Project being implemented. Construction of an amusement park with admin block, stage, braai areas, kids corner, entrance gate, land-scaping and planting of 500 trees.
Pilgrims Rest Project	Project scoping and finalised terms of reference revised.

AGRICULTURAL HUB - ROZENKRANZ

Opportunity – Ward 13	The development of an Agricultural Hub within portions of Rosenkranz farm, located within the Thaba Chweu Local Municipality. This initiative seeks to provide more jobs, revive all farming activities within the farm Rosenkranz, and ultimately create employment opportunities. The farm is located on R36 and about 30 kilometres from Lydenburg.
Stage of project	Project scoping – 100% completed Feasibility Study – 100% completed (with recommendations) Business Plan – 100% Completed (aligned with the feasibility study) Business plan – 100% completed (for fresh farm produce) Investor facilitation – (In progress)

Investment	R200 000.00 Feasibility study. R450 000.00 Agricultural marketing and technical assistance for fresh farm produce, 5.5 ha planted through THALEDA intervention – to expand from 5ha to 25 ha over year period
Financial information (CAPEX, OPEX, etc)	For farm optimal operation: Capex – R1 990 769.68 (Chicken farming) Opex – R2 044 246.10 (Chicken farming) Capex – R1 736 000.00 (Tourism Component) Opex – R385 800.00 (Tourism Component) IRR – Agric 27%, Tourism 4%
Job creation	18 Jobs created 50 Potential jobs



COROMANDEL FARM	
Opportunity	The opportunity lies in the upgrading of the Coromandel estate to a profitable cluster of operations and facilitating a process of site evaluation assessment of the Coromandel Estate to potential investors, located within the Thaba Chweu Local Municipality.
Stage of project	Project scoping and needs analysis – 100% completed Business plan – 100% completed (for fresh farm produce) Investor facilitation – (In progress)
Investment made	R400 000.00 Agricultural marketing and technical assistance for fresh farm produce, 6ha planted through THALEDA intervention – to expand from 6ha to 25 ha over year period

**Financial information
(CAPEX, OPEX, etc)**

For farm optimal operation:
R3.6m for dairy
R5.5m for the pasteurising unit and upgrade of pastures
R4.8m for commercial beef cattle
R29.76m for crops production
R3.5m for orchards
IRR – 11%

Job Creation

26 Jobs created



GRASKOP GORGE

Opportunity – Ward 10

The development of Africa's first Gorge lift and retail complex with office space, restaurant, and bar, with a view, retail shops, hawker's stalls, paved parking area and a playground in Graskop within the Thaba Chweu Local Municipality

Stage of project

Soliciting proposal – 100%
Technical study (EIA – RoD) – 100% completed
Engineering report – 100% completed
Geotechnical Report – 100% completed
Contract signing and management – in-progress

Investment made

R300 000.00 for Environmental Impact Assessment.
R60 000.00 for Geotechnical studies

**Financial information
(CAPEX, OPEX, etc)**

Capex – R20m
Opex – R3.5m

Job creation

60 potential jobs



GRASKOP HOLIDAY RESORT

Opportunity – Ward 10	The upgrading of the municipal owned Graskop Holiday Resort, located in Graskop within the Thaba Chweu Local Municipality. The private party (company) will have to upgrade, reinstate, operate and maintain the municipal owned assets.
Stage of project	Feasibility study – 100% completed Business plan – 100% completed Public Private Partnership Agreement – 100% completed Site handover – 100% completed Contract management – on-going
Investment made	R400 000.00 – PPP PPP concluded, financial, operation, maintenance and upgrade risks transferred to a private party
Financial information (CAPEX, OPEX, etc)	Capex – R4m for re-instatement and upgrade (phase 1 and 2 already implemented) Opex – R1m
Job Creation	70 potential jobs 22 jobs already created



SABIE CARAVAN PARK	
Opportunity – Ward 10	The upgrading of the municipal owned Sabie Caravan Park, located in Sabie within the Thaba Chweu Local Municipality. The private party (company) will have to upgrade, reinstate, operate and maintain the municipal owned assets.
Stage of project	Feasibility study – 100% completed. Business plan – 100% completed PPP Procurement process – 100% completed (no adequate responses) – not marketable Sec 37 MFMA – solicit; no adequate response Proposals approved to have the site upgraded, managed and

	operated by THALEDA Facilities upgrading process in progress – turnkey project (design & development)
Investment made	R70 000.00 – PPP up to procurement (same TA as that of Resort) R942 000 – for upgrading committed, R430 000 actual spent
Financial information (CAPEX, OPEX, etc.)	Capex – R1.5m for re-instatement and upgrade (R950 000 available) Opex – R200 000
Job Creation	15 potential jobs



INDUSTRIAL PARK

Opportunity	The development of an Industrial Park in Thaba Chweu, with an aim to offer services that will provide more jobs, provide agro industries, support rural development and regional integration and downstream mineral beneficiation. The proposed development site is located along the Provincial Road R36 (Lydenburg to Tzaneen, on the east is an existing light industrial area, on the north of the proposed site is the Municipal Landfill site, and on the East is the Lydenburg smelter, the site is 1.65km away from the Lydenburg CBD.
Stage of project	Project scoping – 100% completed Feasibility study – 100% completed Land use rights – 100% completed (granted) EIA, SG - Application submitted (90%) Business plan – baseline (to be reviewed with investor)

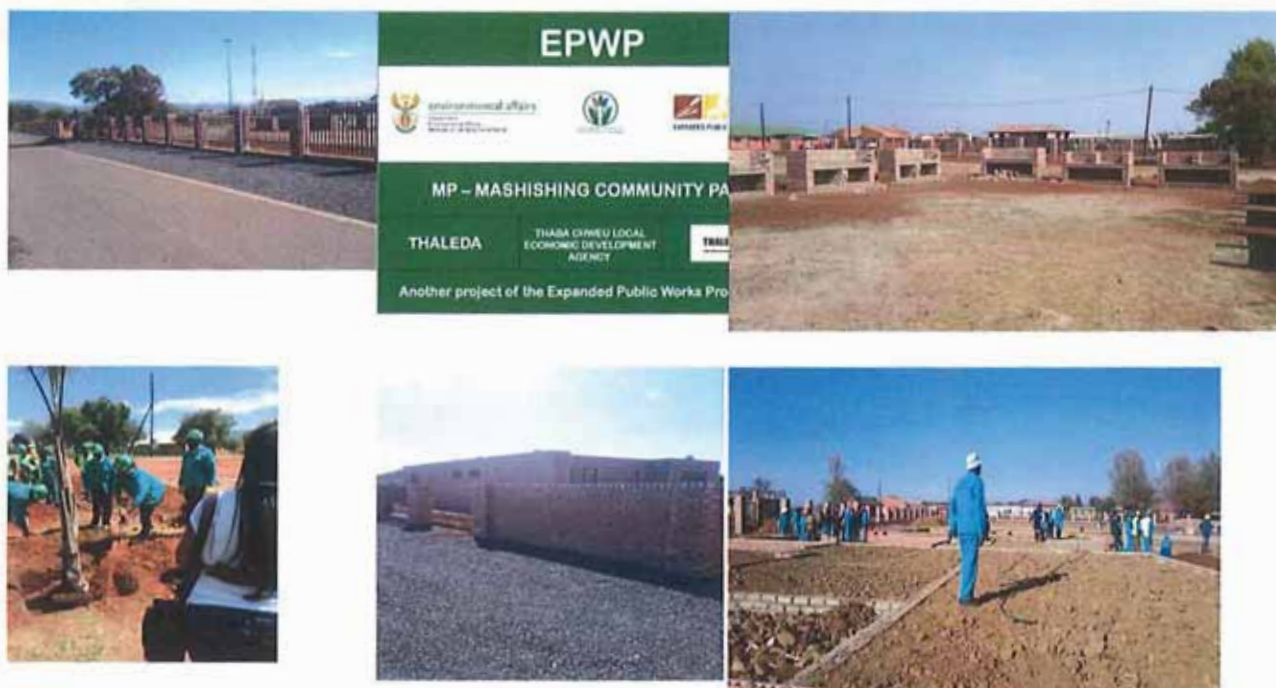
Investment made	R200 000.00 - Feasibility Study R360 000.00 – Technical study (township establishment: Geotech, Contour analysis, EIA, Engineering, Planning)
Financial information (CAPEX, OPEX, etc.)	Capex – R30 930 046 Opex – R548 400 IRR – 1.26
Job Creation	Min 200 potential jobs



MASHISHING COMMUNITY PARK

Opportunity	The construction of the ablution facility with water reticulation and electrification of the park. Building the wall and picnic spot, children's corner, control gate, construction of reception area with kitchen. A performing arena, Land scape and Greening the area, the project is earmarked to be constructed in Mashishing within the Thaba Chweu Local Municipality.
Stage of project	Project scoping – 100% completed Business Plan – 100% completed (Approved) Geotechnical Report – 100% completed (Approved) Architectural Designed – 100% completed (Approved) Bill of Quantity – 100% completed (Approved) Training Plan – 80% (Training plan approved, service providers appointed, actual training pending) Recruitment – 80% (Shortlisting of applicants) Deliverable 1, Fencing - 30% complete Mandatory Deliverable – Planting of trees in phase 1 – 100% complete

Investment made	R10 000 000.00 Project Value (Including implementer's fees, Training cost, Wages, Material cost, marketing fees, etc.)
Financial information (CAPEX, OPEX, etc.)	Implementer's fees and professional fees @17% of project value Wages @35% of project value Training Cost @2% of project value
Job Creation	151 direct temporary jobs created 8 indirect sustainable jobs already created 22 indirect potential jobs



Financial Performance

Operational Budget

Total expenditure for the 2014/15 financial year amounted to R7.2 million against the approved budget of R8.2 million. The underperformance was due to the cash flow problems

experienced because of the non-payment of the Municipal contribution to the Agency as well as delays in taking decisions on projects by the Municipality. The adjustment budget reported is the total funding leveraged against the IDC and Municipal contributions which was approved for project development by the Department of Environmental Affairs during the year and was not budgeted for.

Non-payment of the Municipal contribution resulted in the Agency incurring the R578 864.80 unauthorized expenditure. This was as a result of activities budgeted for under the Municipal contribution were fulfilled using the IDC funds.

Statement of Financial Performance

STATEMENT OF FINANCIAL PERFORMANCE - 2014/2015									
	IDC Contribution	Municipal Contribution	Other	Total Budget	Adjustment	Total Adjusted Budget	Actual expenditure	Total variance at year end	Unauthorised expenditure from IDC Budget
Staff cost	2,081,187.00	269,519.00	-	2,350,706.00		2,350,706.00	1,975,508.22	375,197.78	175,183.80
Operational costs	267,600.00		-	267,600.00		267,600.00	148,853.67	118,746.33	
Training	72,000.00		-	72,000.00		72,000.00	37,746.00	34,254.00	
Travel & Accommodation	329,613.00	-	97,267.00	426,880.00		426,880.00	180,321.80	246,558.20	
Content costs	1,456,000.00	1,190,000.00	1,250,000.00	3,896,000.00	6,378,945.52	10,274,945.52	4,642,201.83	5,632,743.69	403,680.00
Services	431,600.00	-		431,600.00		431,600.00	242,436.33	189,163.67	
Office sundry - petty cash	45,000.00		5,000.00	50,000.00		50,000.00	7,170.25	42,829.75	
Capital Costs	-	-	-	-		-	-	-	-
Contingencies	50,000.00		378,733.00	428,733.00		428,733.00		428,733.00	
Social Inclusion			350,000.00	350,000.00		350,000.00	32,851.55	317,148.45	-
	4,733,000.00	1,459,519.00	2,081,000.00	8,273,519.00	6,378,945.52	14,652,464.52	7,267,089.65	7,385,374.87	578,863.80

Capital projects

The core activity of THALEDA is the project management and implementation of key municipal capital projects to contribute to economic development.

Indicated in the table below are the capital projects undertaken during the 2014/15 financial year:

Capital Project Costs

PROJECT COST - status YTD									Comments
Project Name	Approved content cost budget item	Mid term - Virements	Actual content cost budget (A)	Actual Cost year to date (B)	Estimated Total Cost to complete (C)	Variance (A-B)	% Variance	Estimated date of completion	
Industrial Park	R 120,000.00	R -60,000.00	R 60,000.00	R 40,000.00	R 15,000.00	R 20,000.00	66.667	Dec-15	Not estimated for the remainder of the technical studies and investment promotion.
Agricultural Village	R 300,000.00	R 150,000.00	R 450,000.00	R 450,000.00	-	-	100.000	Dec-15	Fully implemented as planned
Graskop Holiday Resort	R 300,000.00	R -50,000.00	R 50,000.00	-	R 50,000.00	R 50,000.00	-	Dec-15	Project official handover planned for June 2015
Retail Node	R 600,000.00	R -100,000.00	R 500,000.00	R 234,625.26	R 176,754.74	R 265,374.74	46.925	May-15	First handover process underway. Most technical input received
Castle Rock Caravan Park	R 100,000.00	R 870,000.00	R 970,000.00	R 403,600.00	R 539,000.00	R 566,320.00	41.616	Jun-15	Revised content budget for Pilgrim's Rest upgrade - no control over decision making for Pilgrim's Rest development. Appointed contractor to complete the facilities
Graskop Gorge	R 200,000.00	R -50,000.00	R 350,000.00	R 144,149.33	-	R 5,850.67	96.300	Dec-15	Revised content budget for Pilgrim's Rest upgrade - no control over decision making for Pilgrim's Rest development. Appointed contractor to complete the facilities
Coromandel Project	R 50,000.00	R 350,000.00	R 400,000.00	R 400,000.00	-	-	100.000	Dec-15	Revised content budget for Pilgrim's Rest upgrade - no control over decision making for Pilgrim's Rest development. Appointed contractor to complete the facilities
Modulo Amusement Park	R 300,000.00	-	R 300,000.00	-	R 300,000.00	R 300,000.00	-	Jun-15	Revised content budget for Pilgrim's Rest upgrade - no control over decision making for Pilgrim's Rest development. Appointed contractor to complete the facilities
Hotel Development	R -	-	-	-	-	-	-	-	Revised content budget for Pilgrim's Rest upgrade - no control over decision making for Pilgrim's Rest development. Appointed contractor to complete the facilities
Trout Farming (Aquaculture)	R 300,000.00	R -300,000.00	-	-	-	-	-	-	Revised content budget for Pilgrim's Rest upgrade - no control over decision making for Pilgrim's Rest development. Appointed contractor to complete the facilities
Furniture Cluster	R -	-	-	-	-	-	-	-	Revised content budget for Pilgrim's Rest upgrade - no control over decision making for Pilgrim's Rest development. Appointed contractor to complete the facilities
Waste Management Service	R 500,000.00	R 90,000.00	R 590,000.00	-	R 590,000.00	R 590,000.00	-	Jun-15	Revised content budget for Pilgrim's Rest upgrade - no control over decision making for Pilgrim's Rest development. Appointed contractor to complete the facilities
Pilgrims Rest Revitalisation	R 800,000.00	R -800,000.00	-	-	-	-	-	-	Revised content budget for Pilgrim's Rest upgrade - no control over decision making for Pilgrim's Rest development. Appointed contractor to complete the facilities
Project Marketing and promotion	R 246,000.00	R -100,000.00	R 246,000.00	R 38,934.42	R 50,000.00	R 207,065.58	15.827	-	Revised content budget for Pilgrim's Rest upgrade - no control over decision making for Pilgrim's Rest development. Appointed contractor to complete the facilities
Social Inclusion	R 350,000.00	-	R 350,000.00	R 38,943.21	R 311,156.79	R 311,156.79	11.098	Jun-15	Revised content budget for Pilgrim's Rest upgrade - no control over decision making for Pilgrim's Rest development. Appointed contractor to complete the facilities
Totals	R 4,066,000.00	R -	R 4,066,000.00	R 1,750,232.22	R 2,031,911.53	R 2,315,767.78	43.046		
Mashishing Park	R 3,927,971.00	-	R 6,378,946.00	R 2,965,699.00	R 7,034,301.00	R 3,413,247.00	46.492	Feb-16	Project implementation - 28 February 2015. ATZ (R10.00) used in the previous year resulting in the budget available to be R1.5m (R110k)

Declaration of loans/ grants made by THALEDA

SMME or person in receipt of loans/ grants provided by entity	Nature of project	Conditions attached to funding	Value	Total amount committed over previous and future years
Shabby Mining & Construction	Brick Manufacturing Project	Project development, operational performance, job creation, audit	R -	R 147,000.00
Divine Food Basket Co-operative	Vegetable production	Project development, project operation and job creation	R -	R 6,880.00
Mash FM	Communication - radio	Promotional advertorials, talk show information sharing with communities, THALEDA events	R 28,000.00	R -
Coromandel Farm	Fresh Farm produce	Project development, operational performance, job creation, audit	R 450,000.00	R -
Rozenkranz Farm	Fresh Farm produce	Project development, operational performance, job creation, audit	R 400,000.00	R -
TOTAL			R 878,000.00	R 153,880.00

THALEDA is committed to contributing towards resolving sustainable development challenges that face the Thaba Chweu Municipal area by building capacity for sustainable development of the agency. THALEDA's culture is shaped by five Thaba Chweu Local Municipality's core values to enable it to achieve its mission which is professionalism, integrity, patriotism, humility and environmental conservation.

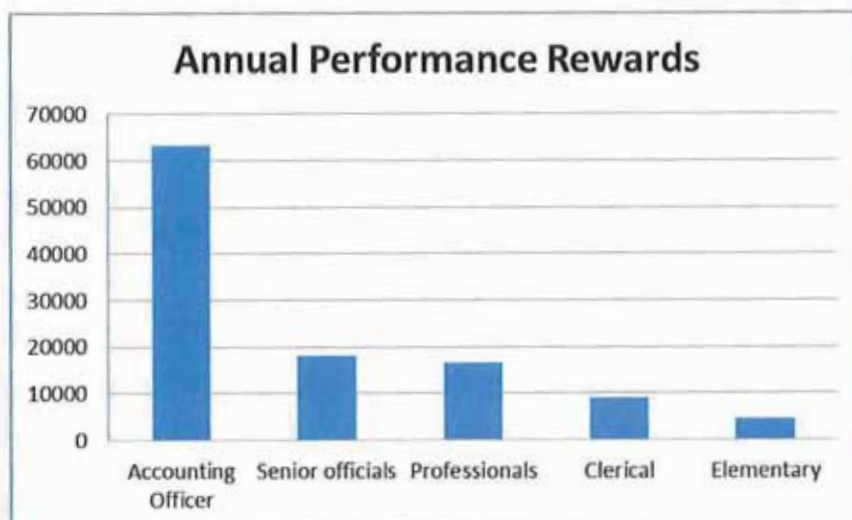
Development and Training

Structurally, THALEDA poised itself on a growth initiatives; the right person for the right deliverables requiring high performance standards, development and the retention of talent. The institutional capacity building strategy for this year focused on staffing and training and performance management.

Skills Development Expenditure



Annual Performance Rewards



Performance Management Overview

KEY PERFORMANCE AREA - TO ACT AS A STRATEGIC
IMPLEMENTATION AGENT FOR AND ON BEHALF OF THE TCLM

THALEDA has successfully projected itself as the development arm of the TCLM in the facilitation of key municipal projects developments such as the Graskop Holiday Resort, Castlerock Caravan Park and Graskop Gorge Development, Reinstate and Upgrade projects.

KEY PERFORMANCE AREA - TO PROMOTE AND IMPLEMENT ECONOMIC
DEVELOPMENT INITIATIVES IN THE MANDATE AREA

In this respect, the black women in small businesses were trained in business management skills by Business Skills for South Africa on a programme facilitated by Price Waterhouse Coopers in partnership with THALEDA. Although implemented in the minimal, emerging farmers were linked with potential big trading markets and plans are in place for implementation.

KEY PERFORMANCE AREA - TO ACQUIRE, OWN AND MANAGE LAND AND BUILDINGS
AND/OR RIGHTS TO LAND AND BUILDINGS

Good progress has been made with the TCLM in respect of derelict municipal land and/or buildings being capitalised to THALEDA for management. During the financial period, the reinstatement and upgrading of Graskop resort was ready to be transferred to a private developer, and this process was facilitated by THALEDA. Land used rights were also applied for and approved for the Mashishing Industrial Park development.

KEY PERFORMANCE AREA - TO LAUNCH, MANAGE, MONITOR ANY STUDY THAT MAY
BE NECESSARY TO FURTHER ITS OBJECTIVES

In this regard, studies such as the Feasibility Studies and the Commercial Business Plans for the Retail Node and Agricultural Hub have been successfully completed in order that the objective of agro-processing and retail can be enhanced. Other studies for various projects

conducted were technical studies; including environmental impact assessments, geotechnical studies, contour analysis, architectural designs, etc.

KEY PERFORMANCE AREA - TO PROJECT MANAGE, COORDINATE AND IMPLEMENT PROJECTS OF THE TCLM RELATING TO ITS IDP

THALEDA was appointed as the Implementing Agent for the Mashishing Park infrastructure development project funded by the Department of Environment Affairs.

KEY PERFORMANCE AREA - TO CONDUCT A REGULAR COMMUNICATIONS PROGRAMME AMONG ITS STAKEHOLDERS

The THALEDA brand has been developed over time to become well known in Thaba Chweu Municipal areas and Mpumalanga Province. Plans are in place to further improve the brand's equity and the social profile of the Agency among all residents in South Africa.

KEY PERFORMANCE AREA - TO BECOME MORE SUSTAINABLE AND FINANCIALLY INDEPENDENT IN THE MEDIUM TO LONG TERM

While it is accepted that THALEDA will probably never be totally financially independent of the TCLM and other development funders, the Agency is cognisant of the fact that it needs to become more financially independent and sustainable. As it enters its third year of operation, it is expected that revenue generating projects will be operational.

Targets – impacting on strategic priorities

STRATEGIC OBJECTIVES	2014/2015	PROGRESS REPORT
1. INVESTMENT ATTRACTION		
1.1 INVESTMENT PROMOTION POLICY	Launch the investment policy	Draft TCLM policy still in use. Implementation of policy on process.
	Implement investment policy	
1.2. MARKETING	Participate and/or organize Investment Promotion Event	Participation in investment event conducted with different spheres of government and private sector. Concept documents finalised. Investment profiles per project and investment brochure finalised. Products researched and packaged. Investment Conference held on 05 May 2015.
	Develop marketing plans per project identified:	

	Transit Node	Marketing plans developed and project linked with potential investors. State land release process underway for Retail Node. Follow-up on Trout fishing project with the province made.
	Agricultural Hub	
	Trout Fishing	
1.3. BRANDING	Maintain and grow brand	Hosted an investment conference.
	Hold business briefings	
	Conduct road shows	
	Publish a newsletter	
	Upgrade website	
	Feature on the Public Sector Magazine	
1.4. IDENTIFY POTENTIAL INVESTORS	Update a matrix of potential investors	Potential investor's matrix updated, and potential investors for projects were identified and facilitated to projects by communities. Major stakeholders attended the Investment Promotion Event.
	Participate in the Investment Promotion Event	
	Advertise EOI's for:	
	Transit Node	
	Agricultural Project	
1.5. ESTABLISH NETWORKS/PARTNERSHIPS	Establish partnerships and conclude MOU's	Partnerships established with DEA for the implementation of Mashishing Community Park and MoA signed. Partnership with IDC, NEF and DTI as strategic partners in driving Local Economic Development in the Thaba Chweu Local Municipality maintained and MoU facilitated between THALEDA and DTI. MoA with the Makomaan Trust and Mohlala Morubi Traditional Council earmarked to be signed September 2014 following community resolutions for the development of the Agricultural Hub and the Transit Node project. Consistent engagements with DEDET, MTPA and TCLM for the implementation of Pilgrim's Rest Theme Park and Trout Fishing is in progress, projects wait endorsement from organisation Senior's.
	Maintain partnership with IDC, NEF and DTI as strategic partners	
	Conclude MOA's with:	
	Community owned land structure (Makomaan).	
	Local Authorities or Tribal Authorities (Mohlala Morubi Tribal Council)	
	Government departments (DEDET-Pilgrims Rest Theme Park, MTPA-Trout Fishing and TCLM-Land use rights)	

1.6. PROJECT PROMOTION	Solicit investors for :	
	Industrial Park and Waste management	Feasibility Study finalised. Application for funding done to DTI, National and Provincial government. DEA funded the Youth in Jobs Waste Programme, and project underway.
	Appoint Operator and Finalize contracts: Graskop Resort	Graskop Resort transferred to private party. Graskop Gorge environmental approvals achieved.
	Graskop Gorge	
	Conduct Feasibility Study:	
	Trout Fishing	Consistent engagement between TCLM and MTPA on-going for the release of the operational rights of the facility.
2. PROJECT IMPLEMENTATION FACILITATION		
2.1 ASSESS RELEVANCE OF IDENTIFIED PROJECTS (Prioritise project business plans)	Trout Fishing	Engagement meetings with TCLM and MTPA. Integrated Waste Management Plan (IWMP) Business Plan approved by TCLM Council and THALEDA Board. Council resolution. S78 MSA process underway by TCLM. THALEDA finalised the reports.
	Waste Management	
	Industrial Park	
2.2. CONDUCT FEASIBILITY STUDIES (Prioritise and conduct feasibility study on)	Transit node	Technical studies finalised for the Retail/ Transit Node project. TOR's finalised for pre-feasibility, costed and adopted. Provincial project supported by THALEDA.
	Agricultural Hub	
	Pilgrims Rest Theme Park	
2.3. MATCH POTENTIAL INVESTORS TO PROJECTS	Industrial Park	Procurement process underway. Investment profile finalised. Research and Technical studies finalised.
	Waste Management	
2.4. CONDUCT TECHNICAL STUDIES/ EIA'S (Conduct studies for)	Industrial Park Sabie	Technical studies conducted on the (Industrial Park – Lydenburg), feasibility study finalised for Sabie. Transactional advisors appointed.
	Transit Node	
	Waste Management	
	Theme Park	
2.5.DEVELOP DETAILED BUSINESS PLAN PER PROJECT (Business Plan)	Agricultural Village	Project being implemented – fresh produce
	Trout Farming	
2.6.	Brick Making	Project ready for implementation. Funding being sourced from

IMPLEMENTATION OF PROJECT (Implement)	Graskop Gorge	Private Sector and Government. Planning phase (suspensive conditions prior to development and operational) underway for Graskop Gorge. Land Release process(Greenfield development) underway, planning phase of project implemented for Transit Node
	Transit node	
	Sabie Caravan Park	
	Graskop Resort	
3. INSTITUTIONAL CAPACITY BUILDING		
3.1. STAFFING	Appoint FOA	FOA appointed – May 2015.
3.2. FINANCE	Apply for funding for phase 2 from IDC	Operational phase 2 funding approved by IDC first draw down obtained in Jan 2015. Commitment received from the TCLM, but Operations phase 1 and remainder of establishment phase from Municipal contribution still outstanding. DTI, NEF, DEA, NDT, DPSA and NHRC approached for funding of projects.
	Obtain remainder of Establishment phase and Ops phase 1 funding from TCLM	
	Identify other funding streams	
3.3. ASSETS	Adhere to upgrades and license renewals	Assets disposal policy developed, implemented and maintained. New assets allocated unique asset number and loaded in the asset register.
	Develop, Implement and maintain asset disposal policy	
3.4. OFFICE	Identify bigger office space in Sabie.	Bigger office space identified and renovated.
3.5. GOVERNANCE PRACTICES	Formalise risk management	Risk assessment workshop conducted and adopted by Board. Risk register developed, implemented and maintained.
	Adoption of all policies and procedures	
	Reporting framework review-as per legislated disclosures	
	Action plan and preventative actions to AG audit findings	
	Align objectives to IDP, budget, etc.	
	Implement drivers of internal control	
3.6. TRAINING AND STAFFING	Training	Three staff members trained.
	Pastel training	Newly appointed FOA trained on Pastel Partner Programme.
4. STAKEHOLDER RELATIONS		
4.1. IDENTIFY KEY STAKEHOLDERS	Identify new stakeholders	New stakeholders are, The National Empowerment Fund (NEF), Small Enterprise Finance Agency (SEFA), Attended the local chamber meetings. Communication established with the Mohlala Morubi Traditional Council.
	Affiliate to business organizations	
	Establish communication with traditional leaders	
	Develop relationships with media.	
4.2. ESTABLISH CONTACT	Establish contact	Register of engagement maintained. Office access control for Data in place. Stakeholder list updated and maintained.
	Develop a matrix of contact	
4.3. MAINTAIN RELATIONSHIPS	Maintain	Continuously maintain engagement with stakeholders.

5. LOCAL ECONOMIC DEVELOPMENT		
5.1. SMME DEVELOPMENT PROGRAMMES	SMME development support (enterprise development)	CSI programme conditional grants granted for the purchasing of the sound system for Mash FM. Two agreements were signed with Coromandel and Rozenkranz farms for fresh produce. SMME training facilitated, conducted in partnership with Ehlanzeni District Municipality.
	Thaba Chweu Tourism Centre-Sell packages to tour operators: booking and reservations office, marketing agency (tourism product cluster), Tour operator business- build itineraries, etc.	Conceptualisation model earmarked for the implementation in Sabie William Memorial Park. Proposal and Draft business plan finalised and submitted to National department of Tourism.
5.2. SERVICE LEVEL AGREEMENT	Update SLA	Changes in the office of the TCLM Municipal Manager adversely impacted negatively on THALEDA business continuity and accountability. Programmes were put on hold due to institutional and structural issues. Discussions on the renewal entity's constitution embarked late in the year and in process.
	Develop and submit investment and incentive policy	
	Ensure timeous compliance as per SLA	

THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY

PERFORMANCE REPORT 2014-15

Project ID	K P A	Objectiv e	Bas elin e	Project Name	Projec t Locati on	Indicato r	Annual Target	Appr oved Budg et	Progress Report	Expendit ure to Date	Annexur e number of POE	Achiev ed/Not Achiev ed	Mechanis m to address the under performa nce
THALEDA GOVERNANCE AND PROJECTS													
Strategic Objectives: Investment attraction, Project implementation facilitation,, Institutional capacity building, Stakeholder engagement, Local Economic Development													
THALEDA GOVERNANCE													
Ext/Fun/IDC	LED	Institutional capacity building	1	Board Structur es	THAL EDA	Updated governance charters by Dec 2014	1	Opera tional costs	1	N/A	Charter	Achiev ed	Revised Charters
Ext/Fun/IDC		Institutional capacity building	100%	Board Structur es	THAL EDA	% of Board members inducted and orientated	100%	Opera tional costs	100%	N/A	Attenda nce register	Achiev ed	Procurem ent docs
Ext/Fun/IDC		Institutional capacity building	4	Board Support	THAL EDA	No of quality Board Packs with all required documents	4	Opera tional costs	4	N/A	Board packs	Achiev ed	Board packs
Ext/Fun/IDC		Institutional capacity building	4	Board Support	THAL EDA	No of Board packs circulated 7 days before each meeting	4	Opera tional costs	4	N/A	Board packs	Achiev ed	Board packs

Ext/Fun/IDC	Institutional capacity building	100%	Board Support	THAL EDA	Percentage of Board resolutions implemented	100%	Operational costs	100%	N/A	Resolution logs	Achieved	None
Ext/Fun/IDC	Institutional capacity building	1	Board Support	THAL EDA	Annual report approved by the Board end December	1	Operational costs	01-Jan	N/A	N/A	Achieved	
Ext/Fun/IDC	Institutional capacity building and Stakeholder engagement	1	Board Support	THAL EDA	Annual report submitted to TCLM by 10 January	1	Operational costs	1	N/A	Transmittal notes	Achieved	
Ext/Fun/IDC	Institutional capacity building and Stakeholder engagement	4	Risk Management	THAL EDA	No of quarterly updated Risk Registers submitted to Board	4	Operational costs	4	N/A	Board packs	Achieved	Fourth quarter operational risk register
Ext/Fun/IDC	Institutional capacity building and Stakeholder engagement	100%	Policies and Delegations	THAL EDA	Policies aligned to TCLM policies	100%	Operational costs	70%	N/A	Approved policies	Achieved	Policies adopted for approval by Board

Ext/Fun/IDC	Institutional capacity building	100%	Internal controls	THAL EDA	% of compliance issues attended to within 7 working days	100%	Operational costs	100%	N/A	Action plan closed-out	Achieved	None
Ext/Fun/IDC	Institutional capacity building	100%	Auditing	THAL EDA	Unqualified audit opinion	1	TCLM	1	N/A	Audit Report	Achieved	
Ext/Fun/IDC	Institutional capacity building	4	Auditing	THAL EDA	No of quarterly audit committee reports submitted to Board	4	Operational costs, R250 K IA	4	N/A	Audit Report	Achieved	
Ext/Fun/IDC	Institutional capacity building	100%	Organisational Development	THAL EDA	% of organogram filled	100%	Operational costs	100%	N/A	Organogram - no vacant positions	Achieved	
Ext/Fun/IDC	Institutional capacity building and Stakeholder engagement	100%	Organisational Development	THAL EDA	% of 3rd party payments made timeously monthly	100%	Operational costs	100%	N/A	Ageing report	Achieved	

		Local Economic Development	4	Organisational Development	THAL EDA	No of quarterly LED forum meetings attended	4	Operational costs	4	N/A	Invites, attendance registers	Achieved	
Ext/Fun/IDC													Although all ees were attending training this financial year, some fees were finalised previous fin year
Ext/Fun/IDC		Institutional capacity building	100%	Skills Development	THAL EDA	Three employees to attend training	100%	R72k	66%	N/A	Agreements, invoices	Partially achieved	
Ext/Fun/IDC		Institutional capacity building	100%	Skills Development	THAL EDA	100% of employees with approved Development Plans	100%	Operational costs	100%		Signed PDP's		
Ext/Fun/IDC		Institutional capacity building	1	Performance Management and Development	THAL EDA	Agency scorecard finalised by year end	1	R256k annual bonus	1	N/A	CEO performance plan	Achieved	

Ext/Fun/IDC		Institutional capacity building	100%	Performance Management and Development	THAL EDA	Signed Performance Agreements for all employees	100%	Operational costs	100%		Signed P&DR's		
Ext/Fun/IDC		Local Economic Development	12	Budget Management	THAL EDA	No of monthly financial reports submitted to TCLM by the 7th of every month	12	Operational costs	12	N/A	Transmittal notes		Where the 7th fell during weekends, reports were sent the next Monday
Ext/Fun/IDC		Local Economic Development	1	Budget Management	THAL EDA	Financial Statements submitted to TCLM	1	Operational costs	1	N/A	N/A	N/A	
Ext/Fun/IDC		Local Economic Development	1	Budget Management	THAL EDA	Approved budget by 30 April	1	Operational costs	1	N/A	Transmittal notes	Achieved	N/A
Ext/Fun/IDC		Local Economic Development	100%	Budget Management	THAL EDA	% of THALEDA budget spent bi-annually	100%	Operational costs	100%	N/A	Budget reports	Achieved	Sourced and used funds from DEA

Ext/Fun/IDC	Local Economic Development	R1.6 million	Revenue Generation (DEA, NDT, Monitor and facilitate fees: Resorts Gorge, Transit Node, Agri Hub)	THAL EDA	R-value revenue generated from alternative (not TCLM & IDC) sources	R1.6 million	R1.6 m	R 6,284,316.25	DEA funding, interest and VAT	Achieved	
Ext/Fun/IDC	Local Economic Development	R5.5 million	Revenue Generation	THAL EDA	R-value IDC grant funding approved for Ops phase 2	R5.5 million	R5.6 m	R5.6m approved	Approval letter, financial records	Achieved	
Ext/Fun/IDC	Local Economic Development	100%	Asset Management	THAL EDA	% GRAP compliance on Asset Register	100%	Operational costs	100%	Asset register	Achieved	House keeping issues (tagging) reported by IA constantly attended to

Ext/Fun/IDC	Investment attraction	4	Economic Growth and Investment	THALEDA	No of committed Investors attracted through THALEDA	2	Operational costs	N/A	1	Letter of commitment	N/A
Ext/Fun/IDC	Local Economic Development	8	SMME Development/ Social Inclusion	THALEDA	No of SMME's capacitated through THALEDA	8	R350k	8	R 28,000.00	Technical assistance, Monitor projects, Training of entrepreneurs.	Achieved
Int/Fun/CB	Project implementation facilitation	4	Projects	THALEDA	Conduct Feasibility Studies	2	R1.1m	0	N/A	Procurement finalised, no suitable service provider - to readvertise	Achieved

Ext/Fun/IDC		Investment attraction	4	Projects	THAL EDA	Appoint Operators and finalise hand-over contracts/ implementation of projects	3	R550k	2	N/A	Signed operational contract	Achieved	
Ext/Fun/IDC		Project implementation facilitation	4	Projects	THAL EDA	Conduct Technical Studies	4	R800k	5	R 868,000.00	Civil, Traffic impact, servitudes, etc	Achieved	
Ext/Fun/IDC		Stakeholder engagement	2	Projects	THAL EDA	Facilitate Community Resolutions	2	R100k	1	N/A	Coroman del, Makoma ne Trust copy of resolution	Achieved	

Ext/Fun/IDC	Project Implementatio n facilitation	12	Project \$	THAL EDA	Compilation of Projects Monthly progress Reports	12	Opera tional costs	1	R 300,534. 00	Payment reports, Approved plans, BOQ.	Achieve d	
Ext/Fun/IDC	Project implementatio n facilitation	1	Project \$	Mashi shing	Project Management of EPWP DEA project	1	R10m	1			Achieve d	

Ext/Fun/IDC	Investment attraction	5	Project s	THAL EDA	Project promotion, marketing, advertising, procurement & investor facilitation of programmes	5	R346k	5	R200 000. EDM support	Investme nt conferen ce	Achieve d		
THALEDA PROJECTS													
Project ID	KPA	Objective	Bas elin e	Project Name	Projec t Locati on	Indicato r	Annu al Targe t	Approved Budget	Progress Report	Expendit ure to Date	Annexur e number of POE	Achieve d/Not Achieve d	Mechanis m to address the under performa nce
Ext/Fun/IDC		Stakeholder engagements - Social inclusion	100 %	Mandel a Day Event	Simile (Ward 6)	Host Mandela day event, 18 July	1 Event Annua ly	R6k	1	R 6,000.00	Attendan ce Registers , reports	Achieve d	N/A

Ex/Fun/IDC	Investment attraction - Increased investment in TCLM area	100 %	Revitalisation of Pilgrims Rest Town into a one stop Tourism Hub	Pilgrim's Rest (Ward 13)	Development of the Feasibility Study	Approved feasibility study	R800k	Awaiting feedback from DEDET. Follow up made with department	R	Correspondence	Not Yet Approved	N/A
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Ex/Fun/IDC	Investment attraction - Increase Tourism Attraction.	100 %	Graskop Holiday Resort	(Ward 10) Graskop	Public private partnership facilitation. Appoint private operator. Build, operate and transfer.	Finalise PPP procurement process by December 2014	R100k	100	R .	Conclude contract. Signed contract, handover and monitoring.	Achieved	Monitoring project excessively
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Ext/Fun/TCLM	Investment attraction - Increase Tourism Attraction.	100 %	Sable Caravan Park	(Ward 7) Sable	Lease agreement facilitation. Appoint a private operator. Build, Operate and Transfer.	Conclude the lease agreement by year end	R100k	Implementation of Board resolution. Renovate facility for office space and operation by THALEDA	R 403,000.00	Procurement docs, progress reports	Partially achieved	Contractor for the renovation of facilities appointed. Charter for management contract signed by all parties.
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Ext/Fun	Investment attraction - Increase manufacturing programs in TCLM	100 %	Develop ment of an Industri al Park with dermac ated stands.	(Ward 12) Lyden burg	Townshi p establis hment for Industria l Park develop ment	Concl ude towns hip establi shme nt proce ss by Dece mber 2014	R120k	Project is at 90% completi on, R.O.D to be issued by Deddett	R 45,000.00	Base mapping, EIA, Geotech reports, Flood line reports, and SG diagrams	Achieve d	N/A
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Ext/Fun/IDC	Investor facilitation - Increase manufacturing programs in TCLM	100 %	Furniture Cluster	(Ward 7) Sabie	Attract and match investor to a Wood beneficial and furniture making project.	Develop Business plan and engage possible investors by year end	R0 (project facilitation deferred - only promoted)	Project promotion - investment conference	R -	Marketing Brochure	Achieved	Marketing project excessively
Ext/Fun/IDC	Investor facilitation - Increase Tourism Attraction	100 %	Hotel and Conference facility	(Ward 10) Graskop	Attract and match investor for a hotel and conference project.	Engage possible investors selling feasibility study recommendations by year end	R0 (project facilitation deferred - only promoted)	Project deferred and linked to other opportunities	N/A	Workplan for Graskop Gorge second phase	Achieved	Project linked to the Graskop Gorge Development project as phase 2

Ext/Fun/IDC	Project Implementation Facilitation - Turn-Around strategy in TCLM	100 %	Waste Management	TCLM Wards	Implement the Integrated Waste Management Plan (IWM/MP).	Draft compliance reports for the commercial use and income generation of waste management by year-end	R500k	Investment opportunity package presented to potential investors	R .	Reports	Achieved
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Ext/Fun/IDC	Investor attraction - Increase Tourism Attraction.	100 %	Graskop Gorge Development	(Ward 10) Graskop	Development of a Lift System and Retail Complex at the Gorge, Graskop	Conclude all suspensive conditions for the approval of the EIA for Graskop Gorge - Technical studies. Project development	R200k	All reports submitted to provincial department for approval and the R.OD was obtained. All schedule contract documents submitted to TCLM	R 144,148.34	R.O.D	Achieved	Finalisation of contract negotiations.
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Ext/Fun/IDC	Project Implementation - Facilitation - Revitalisation of the Trout Fishing Facility	100 %	Develop ment of the Lydenb urg Hatcher y into a Trout Breedin g Hub.	(Ward 12) Lyden burg	Facilitat e the attainme nt of the facilities use rights for the develop ment of a trout farm to sell in the domesti c and internati onal markets	Facilit ate the attain ment of land use rights to be grante d by MTPA to TCLM	R300k	Request not granted	R -	Correspo ndence	Not Achieve d	Request not granted yet. To report to Board for strategic direction
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Ext/Fun	Project Implementation Facilitation - Increase retail development	100 %	Develop ment of a Retail Node	(Ward 8A) Matibi di	Facilitati on of greenfield develop ment process for the state land release for Retail Node develop ment	Condu ct techni cal studie s. Facilit ate the state land releas e proce ss with all techni cal input requir ed.	R600k	Technica l studies finalised and submitte d as inputs to provincia l governm ent for the Land Release Process s. Meeting with tribal authority help for project update and structura l support	R 252,391.9 9	Civil report, Traffic Impact report, servetud e certificate , contour plan, SG Diagram	Achieve d
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Ext/Fun/IDC		Project Implementation Facilitation	100 %	Revitalisation of farm Ronzen kants into an Agricultural Hub.	(Ward 13) Ohrigstad Dam Farm	Revitalisation of farm Ronzen kants into an agricultural hub.	Development of Business plan, Marketing Plans and Investment or attraction for the implementation of the feasibility study recommendations	R300k	Monitoring and evaluation conducted of the project implementation. Application lodged for transfer.	R 450,000.00	Attendance Registers, reports	Achieved
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Ext/Fun/IDC	Project Implementation Facilitation	100 %	Facilitate the upgrading of the Coromandel Estate into a profitable operation.	(Ward 4A) Coromandel	Facilitate the upgrading of the Coromandel Estate into a profitable operation.	Invest or facilitate the attraction and project implementation	R50k	Opportunity package presented to potential investors at conference. Project implementation on track	R 400,000.00	Project progress reports. Attendance Registers. Profile.	Achieved	
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Ext/Fun/IDC	Project Implementation - Facilitation - Revitalisation of a Rural Tourism development	100 %	Develop ment of a Area in Lydenb urg to a Tourist attractio n area, that was affected by an eruption of a Volcano into an Amuse ment Park - Motoilo Amuse ment Park	Mashi shing (Ward 1,2&3)	Conduct relevant studies for the develop ment of the amusem ent park	Obtain recom mend ation for condu ct rele vant techni cal studies by year end	R300k	Bid advertise d, briefing session conducted and proposals received. Bid evaluation and adjudication finalised.	R -	Bid Advert, Attendan ce register and proposals. Reports.	Partially achieved	None of the bidders satisfied the requireme nts for the studies required. Recommen dations are for re- advertisem ent
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Ext/Fun/IDC	Investment attraction - Increased investment in TCLM area	100 %	Project Investor Promotion	All Wards	Investor promotion event	Host investment or promotion event by year end	R500k	Investment Conference was conducted and project profiles presented to Potential Investors	R200 000, EDM support	Project profiles brochures, attendance registers and marketing Disc	Achieved
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Project Implementation Facilitation - Increase Tourism Attraction.	100 %	Mashis hing Commu nity Park	Mashi shing - (Ward 1,2&3)	Develop ment of a Mashish ing Park, with a perform g arena and recreatio nal facilities.	Devel opme nt of the Park (1 phase , 12 month s)	R10m	Wall fence 100% complete d. 100 trees planted	R 3,110,70 4.12	Reports	Achieve d	

MPP004-RFQ14	Mashishing Community Park	Cinamsebenzi Training and Development	Training of 20 people in Occupational Health and Safety	Construction of the ablution facility with water reticulation and electrification of the park. Building the wall and picnic spot, children's corner, control gate, construction of the reception area with kitchen, a performing arena, landscape and greening the area.	R12 000.00
MPP005-RFQ14	Mashishing Community Park	Cinamsebenzi Training and Development	Training of 20 People in First Aid	Construction of the ablution facility with water reticulation and electrification of the park. Building the wall and picnic spot, children's corner, control gate, construction of the reception area with kitchen, a performing arena, landscape and greening the area.	R10 000.00
MPP001-RFQ15	Mashishing Community Park	Cinamsebenzi Training and Development	Training of 151 People in Health and Safety Induction Training.	Construction of the ablution facility with water reticulation and electrification of the park. Building the wall and picnic spot, children's corner, control gate, construction of the reception area with kitchen, a performing arena, landscape and greening the area.	R37 750.00
MPP002-RFQ15	Mashishing Community Park	Muthekgo Trading	Supply and Delivery of Personal Protective Equipment	Construction of the ablution facility with water reticulation and electrification of the park. Building the wall and picnic spot, children's corner, control gate, construction of the reception area with kitchen, a performing arena, landscape and greening the area	R157 035.00
MPP003-RFQ15	Mashishing Community Park	Lumiza General Trading	Supply and Deliver 100 Trees, Compost and Fertiliser.	Construction of the ablution facility with water reticulation and electrification of the park. Building the wall and picnic spot, children's corner, control gate, construction of the reception area with kitchen, a performing arena, landscape and greening the area	R173 300.00

MPP004-RFQ15	Mashishing Community Park	Makaziwe Trading	Supply and Deliver Building Materials	Construction of the ablution facility with water reticulation and electrification of the park. Building the wall and picnic spot, children's corner, control gate, construction of the reception area with kitchen, a performing arena, landscape and greening the area	R198 971.00
MPP005-RFQ15	Mashishing Community Park	Cimamsebenzi Training and Development	Health and Safety Compliance for a Construction Project	Construction of the ablution facility with water reticulation and electrification of the park. Building the wall and picnic spot, children's corner, control gate, construction of the reception area with kitchen, a performing arena, landscape and greening the area	R100 000.00
THA006-AT12	Graskop Holiday Resort (PPP)	Kravicento (Pty) Ltd	Finance, Re-instate, Operate, Maintain and Expand the Graskop Holiday Resort.	Upgrading of the municipal owned Graskop Holiday Resort.	Fee > R21 000/Month. 10% Annual Gross turnover
THA005-AT15	Sabie Caravan Park	Bumber Trading and Projects	Renovate and upgrading of Sabie Caravan Park	Renovating and Upgrading of the Sabie Caravan Park	R942 680.00
THA009-AT15	Retail Node	Johan Oosthuizen Land Surveyors	Technical study for the development of the Technical Study.	Technical study for the development of a Retail Node within the Thaba Chweu Local Municipality	R218 880.00
MPP001-AT15	Mashishing Community Park	BA Manzini Trading	Supply and delivery of 400 trees, compost and fertilisers.	Construction of the ablution facility with water reticulation and electrification of the park. Building the wall and picnic spot, children's corner, control gate, construction of the reception area with kitchen, a performing arena, landscape and greening the area	R380 000.00
THA011-AT14	Coromandel Farm Trust	Techno Serve	Technical Support	Technical Support, linkage with McCain.	R400 000.00

THA012-AT14	Makomaan Trust Farm	Techno Serve	Technical Support	Technical Support, linkages with McCain.	R450 000.00
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CORPORATE GOVERNANCE

THALEDA is guided by the Board of Directors. The Board's activities are supported by the Audit and Risk Committee.

Board of Directors

A clear distinction exists between the operational matters conducted by the Chief Executive Officer and the staff, and the strategic/political guidance provided by the Board.

THALEDA currently has five non-executive Directors, who have a range of different skills and experience that they use to the benefit of THALEDA. The Board is presided over by a non-executive Chairperson, and the directors take responsibility for ensuring that the Board promotes proper deliberation of all strategic matters requiring their attention. The Board meets on a quarterly basis and retains full and effective control over THALEDA. Matters of corporate importance are scrutinised thoroughly to ensure that there is accountability within an environment of performance. The Board has a sub-committee, namely the Audit and Risk Committee. The sub-committee operate under terms of reference which are updated from time to time. The Chairperson of the committee reports to the Board on the extent and manner in which the committee has performed.

The Committee hold meetings to discharge its duties as set out in the terms of reference when necessary.

Corporate Governance Report – Legal Framework and Our Approach to Integrated Reporting

THALEDA is subject to corporate governance imposed by the MFMA, Municipal Systems Act and the Companies Act. THALEDA embraces the requirements and strives to improve its governance.

Thaba Chweu Local Economic Development Agency (THALEDA) is a Municipal Entity of the Thaba Chweu Local Municipality and established in terms of the Chapter 8A of the Municipal

Systems Amendment Act of 2003, Chapter 10 of the Municipal Finance Management Act of 2003, and incorporated as a private limited company in terms of the Companies Act, 61 of 1973.

The Board Charter was developed which aims to regulate the parameters within which the Board will operate and to ensure the application of the principles of good corporate governance in all dealings by, in respect and on behalf of the Agency.

Through the Charter the Board therefore reaffirms its intention to exceed the corporate governance standards as is prescribed by the MFMA, the MSA, the MSAA, the Articles of Association and the Companies Act.

Board meetings are held at least quarterly and additional meetings are convened when necessary should a particular issue demand the Board's attention. During the period under review meetings were held and attended as follows:

Member	Board Meeting August 2014	Board Induction	Board Training	Board Meeting 12 th December 2014	Board Meeting 30 th January 2015	Special Board Meeting 15 th April 2015	Board Meeting June 2015
Justus Mohlala (Chairperson)	P	E	E	E	E	E	E
Vusi Mashabane (Appointed Chairperson)	P	P	P	P	P	P	P
*Bongani Sibiya	P	P	P	P	P	P	P
Pieter du Plessis	P	P	P	P	P	P	P
Mandisa Mkhonto	P	E	E	E	E	E	E
*Md. Humayun Kabir (Audit Comm Chair)	P			-	-	-	-
Municipal Rep (C Cave)	P	-	-	-	-	-	-
Victor Mbungela	P	P	P	P	P	P	P
Zandile Mpungose	P	P	P	P	A	P	A
Malebo Ledwaba	P	P	P	P	P	A	P

P: Present, A: Absent, R: Resigned, - : Not part of meeting, *: Audit Committee, E: End of tenure

Risk Management and Internal Audit

THALEDA has implemented and maintains plans for risk management that will assist its ability to achieve its strategic objectives. Management have assessed and prioritized the risks that are to be managed and paved a risk management process for the year ahead. THALEDA auditors are KPMG.

Audit Committee Remarks

We present our report for the year ended 30 June 2015.

Audit Committee Members and attendance

We are pleased to present a brief annual audit and risk committee report for the year 2014/2015 in line with the roles and responsibilities of the committee. The committee reports in accordance with section 166 of the Municipal Finance Management Act, Act No 56 of 2003 (MFMA) and section 14(2)(c) of the Local Government Municipal Planning and Performance Regulations, 2001 (Regulations).

The Committee consists of two independent and external members, as well as a Board Director.

Md Humayun Kabir - Independent member and Chairperson (re-instated)

Bongani Sibiyi - Director

Stephen Nel - Independent member representing the Industrial Development Corporation

The Audit Committee meets at least four times per annum as per its terms of reference, although additional special meetings with the Auditor General and the Internal Auditor could be held as the need arise.

During the year under review, three Audit Committee meetings were held due to the end of tenure for the Board and the recruitment process thereof.

Audit Committee has, in the conduct of its duties reviewed the following:

- Audit Committee Charter
- Quarterly and Annual Financial Statements
- Management Accounts
- Project Progress plans and reports
- Internal Audit Plan
- Internal Audit Terms of Reference
- Governance and Operations Policies

- Draft Budget for Financial Year 2015/2016
- THALEDA Policies and Procedures
- Strategic and Operational Risk Registers
- Mid-year budget report
- Audited Financial Statement for year ended 30 June 2014
- AG Audit Reports for the year ended 30 June 2013
- Performance Assessment

Efficiency and effectiveness of internal controls

The Audit and Risk Committee is of the opinion that THALEDA function is operating effectively. Whilst there is always room for further improvement, the internal controls generally functioned adequately during the year under review.

The Audit Committee is deeply concerned over the unauthorised expenditure which is continuously increasing due to non-payment of the prior committed Municipal contribution to the Agency. It is critical.

I, on behalf of the Audit and Risk Committee, would like to thank the management of THALEDA and its entire team and Board of Directors for their support and providing all relevant documents in order to conduct the Committee's duties adequately. The Audit Committee will continue to assist THALEDA in fulfilling its responsibilities.

Md Humayun Kabir
CHAIRPERSON

Legislative and Governance Framework

In addition to founding legislation described above, the Agency is regulated in terms of its Memorandum and Articles of Association and the provisions of the Shareholder-Agency Service Level Agreement, the MFMA, the MSA, the MSAA and other regulations which govern the operation of the Agency as the public entity and all other applicable laws of the Republic of South Africa.

Annual Financial Statement Highlights

The reports and statements set out below comprise the consolidated financial statements presented to the shareholders

The Financial Policies and Procedures have been applied consistently to all periods presented in these financial statements, except as explained below:

1. The GRAP policy was applied on depreciation of equipment and the Agency revised point 2.2.4. Assets Depreciation of their Financial Policy stating, "All movable assets such as: office furniture, vehicles, plant, irrigation equipment, machines, computers, tractors, etc., shall be depreciated on a straight-line method over a period of five (5) years".

Financial performance highlights of 2014/2015

Grants received

Revenue has increased due to the growth of the Agency. Expenditure grew immensely compared to the previous financial year. At June 2013, the method of ring-fencing the grant funding and other receivables was adopted to verify the actual costs incurred by the Agency against each funding and/ or amount receivable.

Other receivables

These includes opening of the interest bearing account. Other receivables include a prepayment of deposit for insurance premiums, bid document sales and project monitoring fees.

Irregular Expenditure

The irregular expenditure raised by Auditor General the previous year was reported to the Board. These comprised of transactions with supply chain policy deviations. The Board condoned transactions raised within the entity's internal controls and. During the period under review, supply chain deviations resulting to irregular expenditures were not incurred.

In conclusion, THALEDA has improved on the systems of internal control to ensure that all transactions are valid, authorized and accurately, completely and timely recorded.

2014/15 Annual Financial Statements

Audited
By

2015 -11- 3 0

Auditor General South Africa
Mpumalanga Business Unit



ANNUAL FINANCIAL STATEMENT
OF
THABA CHWEU LOCAL ECONOMIC
DEVELOPMENT AGENCY

Proprietary Limited
FOR THE YEAR ENDED
30 JUNE 2015

PREPARED BY:



16 Paul Kruger Street - Nelspruit - Nelcory Centre, Office N° U15A - PO Box 2403 - Nelspruit 1200 - Tel: (013) 752 6179
Fax: (013) 752 6732 - Fax2email: 085 649 7427 E-mail: modia@telkomsa.net

A member of **IAC**

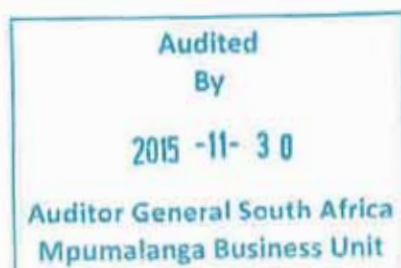
THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

Registration number 2010/017614/07

Financial statement for the year ended 30 June 2015

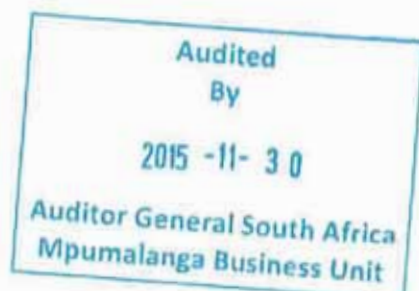
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Additional Information

Country of Incorporation and domicile	South Africa
Nature of business and principal activities	Local Economic Development and Related Activities
Shareholders	Thabachweu Local Municipality
Directors	VL Mashabane (Chairperson) BP Sibiyi M Ledwaba PJ Duplessis Z Mpungose V Mbungela
Registered Office	CNR Viljoen and Sentraal Street Lydenburg 1120
Business address	168 JT waterval Farm Old Lydenburg road (Castle Rock caravan Park) Sabie 1260
Postal address	P.O. Box 876 Sabie 1260
Accountants	Maahe & Associates Professional Accountants(SA)





16 Paul Kruger Street - Nelspruit - Nelspruit Centre, Office N° U15A - P.O.Box 2403 - Nelspruit 1200 - Tel: (013) 752 6179 - Fax: (013) 752 6732
Fax2email: 066 649 7427 - E-mail: modia@iekomsa.net

Practice No: IAC /A0654085 SAIBA 634 SARS PR-60C28D7

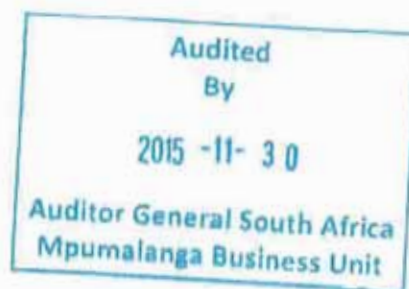
TO :

THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY) LTD
CNR VILJOEN AND SENTRAAL STREET
LYDENBURG
1120

ACCOUNTANT REPORT TO THE BOARD OF DIRECTORS

On the basis of information provided by the board we have compiled, in accordance with Generally Recognised Accounting Practice (GRAP) applicable to compilation engagement, Statement of Financial Position of **Thaba Chweu Local Economic Development Agency (Pty) Ltd** at **30 June 2015** and the Statement of Financial Performance, Statement of changes in Net Assets and the Statement of Cash Flow for the year then ended as set out on pages 5 to 15. The Board of Directors is responsible for these Annual Financial Statements. We have not audited or reviewed these financial statements and accordingly express no assurance thereon.

MAAKE & ASSOCIATES
Professional Accountant (SA) IAC
Mbombela
Monday, 31 August 2015



Sole Practitioner: MS MAAKE ND LAUD (TUT) IAC (SA)

A member of **IAC**

Director's Responsibilities and Approval

The Director is required by the Companies Act of South Africa, 2008, to maintain adequate accounting records and is responsible for the content and integrity of the financial statement and related financial information in this report. It is his responsibility to ensure that the annual financial statement fairly present the state of affairs of the Agency as at end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with Generally Recognised Accounting Practices. The external auditors are engaged to express an independent opinion on the financial statements.

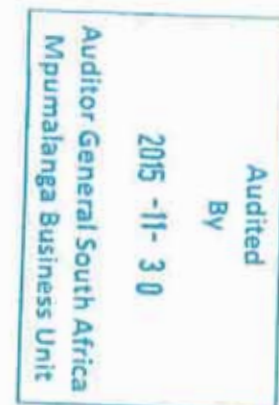
The financial statements are prepared in accordance with Generally Recognised Accounting Practice (GRAP) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Director acknowledges that he is ultimately responsible for the internal financial control established by the Agency and places considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level risk. These controls are monitored throughout the Agency and all employees are required to maintain the highest ethical standards in ensuring the Agency's business is conducted in a manner that in all reasonable circumstances is able to be reproached. The focus of risk management in the Agency is on identifying, assessing, managing and monitoring all known forms of risks across the Agency. While operating risk cannot be fully eliminated, the Agency endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Director is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The financial statement set out on pages 4 to 18 were approved by the Board on _____ and were signed on its behalf by:


Accounting Officer
SP Mathebula



Statement of Financial Position

Figures in rand	Note(s)	2015	2014
ASSETS			
Non-current assets			
Property plant and equipment	12	88,724	102,764
Intangible assets	13.1	21,413	-
		110,138	102,764
Current Assets			
Cash and cash equivalent	20	4,208,283	2,516,030
VAT Control	16	105,399	70,935
Trade & Other receivables	15	2,010,453	1,044,130
		6,324,136	3,631,095
TOTAL ASSETS		6,434,273	3,733,859
NET ASSETS & LIABILITIES			
Net Assets		110,626	100
Current Liabilities			
Leave provisions	19	75,300	57,858
Trade & Other payables	17	280	820
Unspent grant	18	6,248,067	3,675,081
		6,323,647	3,733,759
NET ASSETS AND LIABILITIES		6,434,273	3,733,859

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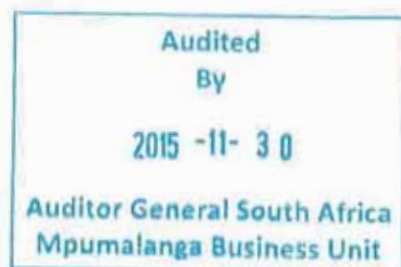
Statement of Financial Performance

Figures in rand	Note(s)	2015	2014
Revenue			
Government grants and subsidies	2	7,072,673	3,821,098
Interests received - investment	2	80,814	76,385
Private sector contribution	2	-	13,250
Project monitoring fees	2	110,526	-
Project management fees	2	120,000	-
Bid documents sales	2	4,000	5,550
Total Revenue		7,388,014	3,916,282
Expenditure			
Board of directors remuneration	9	217,614	123,838
Depreciation	26	18,524	22,970
Employee costs	11	3,120,927	1,693,923
General expenses	25	3,514,591	2,074,025
Repairs and maintenance	27	405,832	1,526
Total expenditure		7,277,489	3,916,282
Surplus for the year		110,526	-
Accounting adjustment		-	-
Net surplus for the year		110,526	-

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Cash flow statement

Figures in rand	Note(s)	2015	2014
Cash flow from operating activities			
Cash generated by operating activities	14	1,718,151	(407,273)
Cash flow from Investing activities			
Acquisition of fixed assets	13.2	(25,898)	(18,095)
(Decrease)/Increase in cash and cash equivalent		1,692,253	(425,369)
Cash and cash equivalent at the beginning of the year		2,516,030	2,941,399
Cash and cash equivalent at the end of the year	20	4,208,283	2,516,030



Statement of changes in Net Assets

Figures in rand	Note(s)	2015	2014
Total net Assets at 01 July 2014		100	100
Net Surplus for the year		110,526	-
Accumulated Surplus at 30 June 2015		110,626	100

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Statement of comparison of Budget and Actual amounts

Figures in: Note(s)	2015		2015		2015		VARIANCE	PERCENTAGE	COMMENTS
	APPROVED BUDGET	ADJUSTMENT	FINAL BUDGET	ACTUAL	VARIANCE	PERCENTAGE			

Revenue

Government grants and subsidies	6,192,519		6,192,519	4,369,142	1,823,377	29%	The grant from the Municipality was not received as planned and resulted to the variance
Other Income	2,081,000		2,081,000	315,340	1,765,660	85%	The income expected from project implementation was delayed due to cash flow and implementation by the service provider
DEA grant received		6,387,615	6,387,615	2,730,085	3,657,530	57%	Realised a conditional grant from DEA not budgeted for
Total Revenue	8,273,519		14,661,134	7,414,567	7,246,567	49%	

Expenditure

Board of directors remuneration	225,766		225,766	217,614	8,152	4%	The expenditure is reasonable according to the expected budget
Employee costs	2,124,940		2,124,940	1,922,053	202,887	10%	The expenditure is reasonable according to the expected budget
Overall expenses	5,922,813		5,922,813	4,369,142	1,553,671	26%	The expenditure for project implementation was delayed due to cash flow and implementation by the service provider
DEA grant expenditure		-	-	2,730,085	(2,730,085)	0%	Not Budgeted
			8,273,519	7,009,227	(965,275)	-12%	

Notes to the Annual Financial Statements**1. Presentation of Financial Statements**

The financial statements have been prepared in accordance with the International Financial Reporting Standard of Small and Medium-sized Entities, and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies below. They are presented in South African Rands. The financial statement's amounts also with all requirements of Generally Recognised Accounting Practices (GRAP). Amounts are rounded to the nearest rand.

1.1 Property plant and equipment

Office furniture and Computer equipment are tangible items that:

- are held for use in the Agency for administrative purposes
- and are expected to be used more than one period.

Property, plant and equipment are stated at historic cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis to write-off the cost of assets to their expected residual values in line with IAS (AC123) over their useful lives estimated as follows:

Item	Useful life
Computer equipment	5 years
Furniture & fixtures	10 years
Office equipment	5 years

1.2 Revenue

Revenue comprise conditional grants received from Industrial Development Corporation (IDC), Thaba Chweu Local Municipality, National Department of Environmental Affairs for the development of Mashishing park and other income from Private sector, interests received from FNB 7 days notice account and bid documents sales. Grants are recognised when there is reasonable assurance that the Agency will comply with the conditions attaching to them, that grant will be received and these grants can be measured reliably.

Contract revenue

Where the outcome of a construction contract cannot be estimated reliably, revenue has been recognized only to the extent of contract costs incurred that it is probable recoverable.

1.3 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, receivables and payables. Financial assets and liabilities are accounted for at cost. Subsequently these financial instruments are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

1.4 Current expenditure

Expenditure is recognised in the income statement on accrual basis.

1.5 Taxation

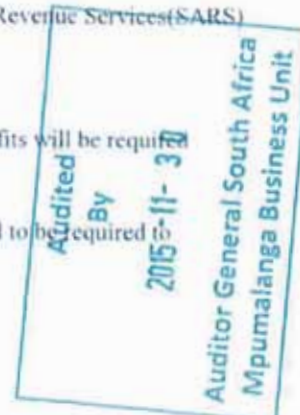
Thaleda has applied for Corporate tax exemption from the South African Revenue Services (SARS).

1.6 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources is embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.



Notes to the Annual Financial Statements (continued)**1.7 Intangible assets**

An asset is identified as an intangible asset when it:

is capable of being separated or divided from the Agency and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or

arises from contractual rights or other legal rights, excluding rights granted by statute, regardless whether those rights are transferable or separate from the Agency or from other rights and obligations. An intangible asset is recognised when:

it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Agency; and

the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

it is technically feasible to complete the asset so that it will be available for use or sale;

there is an intention to complete and use or sell it;

there is an ability to use or sell it;

it will generate probable future economic benefits or service potential;

there are available technical, financial and other resources to complete the development and to use or sell the asset; and

the expenditure attributable to the asset during its development can be measured reliably.

Subsequent to initial measurement intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life. Internally generated brands, mastheads, publishing titles, customer and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item Useful life

Computer software 5 years

Intangible assets are derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset.

Such difference is recognised in surplus or deficit when the intangible asset is derecognised.

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Notes to the Annual Financial Statements (continued)**1.8 Going concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern this basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

1.9 Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial period ending 2015.

1.10 Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over lease term. The difference between the amounts recognised as an expense and contractual payments are recognised as an operating lease asset or liability. Liability is not discounted. Any contingent rents are expensed in the period they are incurred.

1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly approximately equal value (primarily in the form of goods, services use of assets) to the other party in exchange.

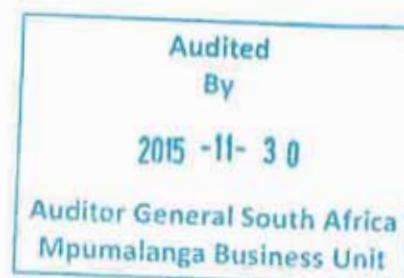
Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
 - it is probable that the economic benefits or service potential associated with the transaction will flow to the Agency;
 - the stage of completion of the transaction at the reporting date can be measured reliably; and
 - the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.



Notes to the Annual Financial Statements (continued)**1.11 Revenue from exchange transactions (continued)****Interests**

Revenue arising from the use by others of entity assets yielding interest or similar distributions is recognised when:

it is probable that the economic benefits or service potential associated with the transaction will flow to the Agency;

the amount of the revenue can be measured reliably. Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the Agency which represents an increase in net assets, other than increases relating to contribution from owners. Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor. Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Agency either receives value from another party without directly giving approximately equal value in exchange or gives value to another party without directly receiving approximately equal value in exchange. Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As the Agency satisfies a present obligation recognised as a liability in respect of an inflow of resources from nonexchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Agency has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria conditions or obligations have not been met, a liability is recognised.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the Agency. When, as a result of a non-exchange transaction, the Agency recognises an asset, it also recognises revenue equivalent to the amount of the assets measure at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because a condition is satisfied, the amount of the reduction in liability is recognised as revenue.

1.13 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by the standard of GRAP.

1.14 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2014 to 30/06/2015.



	2015	2014
2. GRANTS AND OTHER INCOME		
2.1 IDC Grant		
Opening balance	2,388,922	3,175,628
Prior year adjustment	-	8,322
Operational phase received(19/01/2015)	2,811,635	2,782,760
Leave overprovision written back	53,049	
Written off prior years audit provisions	-	178,200
Written off prior years accounting fees provisions	-	1,750
Revenue	(4,342,588)	(3,757,737)
Closing balance	911,018	2,388,922
2.2 Municipal Contribution		
Opening balance	839,519	-
Operational phase not received(23/03/2015)	840,000	839,519
Revenue	-	-
Closing balance	1,679,519	839,519
2.3 Enviromental affairs		
Opening balance	446,640	-
Operational phase received (22/01/2015)	2,312,001	-
Operational phase received (27/05/2015)	3,628,974	-
Establishment phase received(20/03/2014)	-	510,000
Revenue	(2,730,085)	(63,360)
Closing balance	3,657,529	446,640
2.4 Bid documents sales		
Revenue	(4,000)	(5,550)
2.5 Private Sector Contribution		
50% Contribution by Stone wall mining	-	13,250
2.6 Interests received		
Interests received from 7 day notice account 74362049741	(80,814)	(76,385)
2.7 Monitoring fees		
Project monitoring - Graskop	(110,526)	-
2.8. Management fees		
Mashishing park - management fees to DEA project paid	(120,000)	-
TOTAL REVENUE	(7,388,014)	(3,903,032)
TOTAL UNUSED GRANT	6,248,066	3,675,081

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By
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Mpumalanga Business Unit

Notes to the Annual Financial Statements(continued)

2015

2014

3. ADMISTRATIVE EXPENSES

Bank charges	11,743	5,326
Computer expenses	4,596	1,825
Courier & postage	796	689
Cleaning	2,528	3,249
Electricity & water	3,798	3,296
Entertainment	31,674	21,177
Insurance	17,013	1,774
Interests paid	1	-
Stationery & printing	31,415	30,037
Rent -Building	55,424	55,080
Security expenses	2,868	2,982
Subscription	2,180	4,075
Telephone & fax	63,879	58,769
	227,915	188,279

4. OPERATING EXPENSES

Depreciation	18,524	22,970
Board members gift	1,486	3,713
COIDA	8,493	-
Consulting Fees	719,501	1,355,317
Grants/SMMF Funding	878,000	-
Legal fees	-	30,900
Mashishing park - Architectural consulting	-	63,000
Mashishing park - Material purchased	775,260	-
Office display	-	660
Repairs	405,832	1,526
Social inclusion	1,552	167,179
Staff training and development	260,873	56,498
Staff - Protective clothing	157,035	-
Travel expenses	61,009	18,963
Year end function	-	1,264
	3,287,566	1,721,991

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Notes to the Annual Financial Statements(continued)

5. MARKETING AND PROJECT MANAGEMENT FEES

5.1 MARKETING FEES	2015	2014
Media advertising	62,819	125,325
5.2 PROJECT MANAGEMENT		
Project management costs paid by Mashishing Park to Thaleda	120,000	-

6. ACCOUNTING FEES

Opening balance	-	1,750
Current year	28,500	37,500
Prior year provision written off	-	(1,750)
Payments	(28,500)	(37,500)

7. AUDIT FEES

Opening balance	-	94,200
Prior year provision written off	-	(94,200)

8. INTERNAL AUDIT AND AUDIT COMMITTEE

8.1 INTERNAL AUDITING FEES

Current year	182,918	-
--------------	---------	---

8.2 AUDIT COMMITTEE REMUNERATION

B Sibiya	10,229	8,795
Md. Humayun Kabir	19,000	9,898
	29,229	18,693

9. BOARD OF DIRECTORS REMUNERATION

MJ Mohlala	8,969	36,244
VL Mashabane	57,716	26,066
PM Mkhonto	3,569	13,958
BP Sibiya	49,565	30,081
M Ledwaba	26,588	-
Z Mpungose	23,265	-
V Mbungela	21,655	-
PJ Duplessis	26,287	17,489
	217,614	123,838

10. CORE MANDATE COMMITTEE REMUNERATION

PM Mkhonto	-	3,367
PJ Duplessis	-	3,367
	-	6,733

11. EMPLOYEE COSTS

11.1 Junior management and other staff

Basic Salary	737,450	624,546
Bonus	60,711	50,267
Pension	120,501	102,655
UIF	6,986	6,576
Travel allowance	57,400	63,037
Re-inbursive travel expense	40,324	23,389
Leave encashment	5,097	13,355
Leave provisions	33,555	15,488
	1,062,024	899,314

11.2.Senior Management Emoluments(AO)

Basic Salary	480,000	480,000
Bonus	60,333	57,694
Pension	90,538	86,539
UIF	1,785	1,785
Travel allowance	123,336	84,939
Re-inbursive travel expense	62,291	41,283
Leave provisions	41,745	42,370
	860,028	794,609

11.3 General labour

	1,198,875	-
TOTAL EMPLOYEE COSTS	3,120,927	1,693,923

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Registration number 2010/017614/07

Financial statement for the year ended 30 June 2015

12. PROPERTY PLANT AND EQUIPMENTS**Furniture and fixtures****Opening net carrying amount**

Gross carrying amount
Opening accumulated depreciation
Prior year adjustment
Additions
Depreciation charge

Closing net carrying amount**Computer equipments****Opening net carrying amount**

Gross carrying amount
Opening accumulated depreciation
Prior year adjustment
Additions
Depreciation charge

Closing net carrying amount**Office equipment****Opening net carrying amount**

Gross carrying amount
Opening accumulated depreciation
Additions
Depreciation charge

Closing net carrying amount**TOTAL CARRYING VALUE****13. INTANGIBLE ASSETS AND ACQUISITION OF FIXED ASSETS****13.1 INTANGIBLE ASSETS****Computer software****Opening net carrying amount**

Gross carrying amount
Opening accumulated depreciation
Additions
Depreciation charge

Closing net carrying amount**13.2 ACQUISITION OF FIXED ASSETS**

Furniture & fixtures

Computer equipments

Office equipments

14. CASH GENERATED BY OPERATING ACTIVITIES**Net Surplus for the year**

Adjustment for: Add depreciation

Prior year adjustment

Movements in working capital

VAT Control account

Trade & Other receivables

Trade & Other payables

15. TRADE & OTHER RECEIVABLES

Operating lease asset

Municipality contribution

Grasskop resort

Debit supplier account balance (Ballpoint)

16. VAT CONTROL

VAT Control account

17. TRADE & OTHER PAYABLES

Trust security

Nashua

18. Unspent Grant

Unspent grant - IDC

Unspent grant - Environmental affairs

Unspent Municipal contributions

19. Leave Provision

Staff and Senior management

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2015 2014

77,896 84,896

97,796 95,210

(19,900) (19,645)

- 6,330

2,586

(9,780) (9,586)

68,116 77,896

14,028 22,743

39,709 36,198

(25,681) (12,446)

- (1,008)

3,509 7,077

(4,617) (12,952)

12,920 16,869

7,999 -

8,432 -

(433) -

1,684 8,432

(1,995) (433)

7,688 7,999

88,724 102,764

2,841 -

3,566 -

(724) -

20,705 8,432

(2,133) (433)

21,413 7,999

2,586 -

7,077 -

8,432 -

18,095 -

110,526 -

18,524 22,970

- (8,322)

- -

(34,464) 31,709

(966,323) (833,802)

2,589,888 378,181

1,718,151 (407,273)

4,934 4,590

1,879,518 1,039,519

(26,000) -

- 21

2,010,453 1,044,130

105,399 70,935

280 -

- 820

280 820

911,018 2,388,922

3,657,529 446,640

1,679,519 839,519

6,248,067 3,675,081

75,300 57,858

Registration number 2010/017614/07

Financial statement for the year ended 30 June 2015

26. CASH AND CASH EQUIVALENT

THABEDA has bank account with the following First National Bank

Branches:

Branch	Branch c/d	Account	Type	Telephone
Subie	270722	62302132081	Current	0137644284
Subie	270732	74362649141	7 Day Notice	0137644264
NST Pinetree	280046	62459704633	Current	0137543560
NST Pinetree		74543776046	7 Day Notice	
Petty cash				

2015

2014

102,147	69,796
692,782	7,037,775
121,555	433,971
3,791,697	-
105	489
4,208,283	2,516,030

21. IRREGULAR EXPENDITURE**Reconciliation for Irregular expenditure**

Opening balance

Irregular expenditure current year

Condoned or written off by the board

Transfer to receivable for recovery

Amount received

Irregular expenditure awaiting condonement

752,499	86,923
18,681,00	1,149,978,00
(752,499)	(484,407)
-	-
-	-
18,681,00	732,490,00

22. UNAUTHORIZED EXPENDITURE**Reconciliation for Unauthorized expenditure**

Opening balance

Unauthorized expenditure current year

Condoned or written off by the board

Transfer to receivable for recovery

Amount received

Unauthorized expenditure awaiting condonement

332,401	-
576,854	732,401
-	-
-	-
-	-
911,365	732,401

23. CHANGE IN ACCOUNTING ESTIMATES

- Audit and Accounting provision written-off

23.1. AUDIT FEES

Prior years provisions for audit fees were written off

as no formal estimates or invoice received for the years

audited from Auditor General

2012 Audit fees provision

2013 Audit fees provision

-	94,200
-	84,600
-	178,200

23.2. ACCOUNTING FEES

All fees were paid during the year or need to provide

for accounting fees

-	1,730
---	--------------

24. PRIVATE SECTOR CONTRIBUTION

Stone Wall Mining agreed to contribute 20% to the costs

of developing a business plan

-	63,750
---	---------------

25. GENERAL EXPENSES

Administrative expenses

Accounting fees

Audit fees - Internal

Audit committee remuneration

Core Mandate Committee remuneration

Project management fees

Marketing costs

Operating expenses

Audited
By
2015 - 11 - 30
Auditor General South Africa
Mpumalanga Business Unit

227,915	188,279
28,500	37,500
(82,918)	-
79,279	(8,493)
-	8,743
120,000	-
62,819	125,329
2,863,710	1,697,495
3,514,591	2,074,025

26. Depreciation

Furniture & fixtures

Computer equipment

Intangible asset (Amortisation)

Office equipment

9,780	9,346
5,264	12,952
1,486	-
1,993	433
18,524	22,970

27. Repairs & maintenance

General maintenance

405,832	1,326
---------	-------

28. Prior year adjustment

Accumulated depreciation

Transfer grant - BIC

Furniture & fixtures

Computer equipment

Dr	Dr
-	9,330
-	-
-	9,330

29. Contractual Commitments

Ngwen Development consultant

Johan Oosthuizen Land Surveyors - Instructional Advisors

Johan Oosthuizen Land Surveyors - Technical studies

Bomber Trading and Projects

14,526	-
106,075	-
70,680	-
539,000	68,776
730,281	68,776

30. Fruitless and wasteful expenditure**Reconciliation for Fruitless and wasteful expenditure**

Opening balance

Fruitless and wasteful expenditure current year

Condoned or written off by the board

Transfer to receivable for recovery

Amount received

Fruitless and wasteful expenditure awaiting condonement

2,103	-
(7,104)	-
-	-
-	-
-	-
(5,001)	-

Detailed Statement of Financial Performance

Figures in rand	Note(s)	2014	2014
Revenue			
Government grants and subsidies	2	7,072,673	3,821,097
Interests received - investment	2	80,814	76,385
Private sector contribution	2	-	13,250
Project monitoring fees	2	110,526	-
Project management fees	2	120,000	-
Bid documents sales	2	4,000	5,550
		7,388,014	3,916,282
Expenditure		7,277,488	3,916,282
Administrative expenses	3	227,915	188,279
Accounting fees	6	28,500	37,500
Audit fees - Interna	7	182,918	-
Audit committee remuneration	9	29,229	18,693
Board member remuneration	9	217,614	123,838
Core Mandate Committee remuneration	10	-	6,733
Marketing costs	5.1	62,819	125,325
Operating expenses	4	3,287,566	1,721,991
General labour staff	11	1,198,875	-
Project management fees	5.2	120,000	-
Junior management	11	1,062,024	899,314
Senior management remuneration	11	860,028	794,609
Surplus for the year		110,526	-
Accounting adjustment		-	-
Net surplus for the year		110,526	-

Audited
By
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Statement of Financial Performance

	2014	2014
Revenue from exchange transactions		
Bid documents	4,000	5,550
Interest received - investment	80,814	76,385
Project monitoring fees	110,526	-
Project management fees	120,000	-
Total Revenue from exchange transactions	315,340	81,935
REVENUE from non-exchange transactions		
IDC Grants	4,342,588	3,757,737
Environmental Grant	2,730,085	63,360
Private Sector Contribution	-	13,250
Total Revenue from non-exchange transactions	7,072,673	3,834,347
Total Revenue	7,388,013	3,916,282
Expenditure		
Board of Directors - Remuneration	217,614	123,838
Depreciation	18,524	22,970
Employee Costs	3,120,927	1,693,923
General Expenses	3,514,591	2,074,025
Repairs and Maintenance	405,832	1,526
Total Expenditure	7,277,488	3,916,282
Surplus for the year	110,526	-
Accounting adjustment	-	-
Net surplus for the year	110,526	-

Audited
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Mpumalanga Business Unit

EXPENDITURE RING - FENCING

	2015	2014
(a) IDC Grant Revenue	3,757,737	3,757,737
Bank charges	10,920	5,101
Board of directors remuneration	175,184	123,538
Accounting fees	28,500	37,500
Advertising	60,149	48,632
Audit Committee remuneration	29,229	18,693
Board members gifts	1,486	3,711
Core Mandate Committee remuneration	-	6,733
Cleaning expenses	2,264	3,349
Crods	8,493	-
Computer expenses	4,596	1,825
Courier & postage	796	659
Depreciation	16,511	22,970
Display	-	660
Electricity & water	3,798	3,296
Entertainment	21,056	16,126
Feasibility studies	392,208	1,342,067
Insurance	1,908	1,774
Internal audit fees	182,918	-
Legal fees	-	30,903
Printing & stationery	24,376	30,837
Rent - building	55,424	55,089
Repair & maintenance	405,832	1,200
SMM Development	878,000	-
Staff training	29,124	56,498
Salaries & wages	1,949,607	1,693,923
Security	2,904	2,982
Social inclusion	1,552	167,179
Subscription	2,030	4,675
Telephone & fax	63,879	58,769
Travel expenses	17,080	18,963
Year end functions	-	1,264
Total expenditure from IDC Budget	4,369,142	3,757,737
(b) Environmental affairs Grant Revenue	2,730,085	63,360
Architectural fees - Mashishing park	-	63,360
Advertising	2,671	-
Bank charges	822	225
Consulting fees	327,293	-
Cleaning expenses	244	-
Depreciation	2,021	-
Entertainment expenses	10,617	135
Insurance	15,105	-
Purchases	775,260	-
Printing & stationery	7,034	-
Protective clothing	157,035	-
Salaries & wages	1,198,875	-
Trainings	231,749	-
Travel expenses	1,352	-
Total Expenditure from Environmental affairs Budget	2,730,085	63,360
(c) Establishment Contribution - Thabachweu municipality	-	-
(e) Bid document Revenue	4,000	5,550
Travel expenses	4,000	5,550
Total Expenditure paid from Bid Document sales	4,000	5,550
(f) Private Sector Contribution	-	13,250
50% Contribution by Stone wall mining to consulting fees	-	13,250
Total Expenditure paid from Private Sector Contribution	-	13,250
(g) Interests received from 7 day notice account 74362049741	80,814	76,385
Board Remuneration	42,430	-
Travel expenses	39,384	-
Advertising	-	71,143
Entertainment	-	4,915
Repairs	-	326
Total Expenditure paid from interests received	80,814	76,385
(h) Project Management fees	120,000	-
Mashishing park - management fees to DfA project paid	120,000	-
Total Expenditure paid from Private Sector Contribution	120,000	-
TOTAL EXPENDITURE	7,304,041	3,916,282

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 By
 2015 -11- 30
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 Mpumalanga Business Unit

APPENDIX C
COUNCIL ATTENDANCE REGISTER

ATTENDED

NOT ATTENDED

☐
☐

Name of Cllr	Party Represented	Ordinary meetings (July 2014 to June 2015)				Special meetings (July to June 2015)			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Cllr M Ncongwane (Resigned)	ANC	✓	✓	✓	✓	✓	✓	✓	✓
2. Cllr S Magagula	ANC	✓	✓	✓	✓	✓	✓	✓	✓
3. Cllr S Mashigo	ANC	✓	✓	✓	✓	✓	✓	✓	✓
4. Cllr M T Mashego	ANC	✓	✓	X	✓	✓	✓	✓	✓
5. Cllr M C Masilela	ANC	✓	✓	✓	✓	✓	✓	✓	✓
6. Cllr I T Mokwena	ANC	✓	✓	X	✓	✓	✓	✓	✓
7. Cllr E N Mashego	ANC	X	✓	✓	✓	✓	✓	✓	✓
8. Cllr L Lekhuleni	ANC	✓	✓	✓	✓	✓	✓	X	✓
9. Cllr J B Nkosi	ANC	✓	✓	✓	✓	✓	✓	✓	✓
10. Cllr J M Kock	`ANC	✓	✓	✓	X	✓	✓	✓	X
11. Cllr M Mahlangu	ANC	✓	✓	✓	✓	✓	✓	✓	✓
12. Cllr N M Masemola	ANC	✓	✓	✓	✓	✓	✓	✓	✓
13. Cllr N S Sambo	ANC	X	✓	✓	✓	✓	✓	✓	✓
14. Cllr PP Chima	ANC	✓	✓	✓	✓	✓	✓	✓	X

Name of Cllr	Party Represented	Ordinary meetings (July 2014 to June 2015)				Special meetings (July to June 2015)			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
15. Cllr Q Lawrance	DA	✓	✓	X	X	✓	✓	X	X
16. Cllr R P Malatsi	ANC	✓	✓	✓	X	✓	✓	✓	X
17. Cllr J H Ligthelem	DA	✓	✓	✓	✓	✓	✓	✓	✓
18. Cllr SA Manzini	ANC	✓	✓	✓	✓	✓	✓	✓	✓
19. Cllr S E Molobela	ANC	✓	✓	X	✓	✓	✓	✓	✓
20. Cllr J A Maoelele	PAC	✓	✓	✓	✓	✓	✓	✓	X
21. Cllr P D Marobela	DA	✓	✓	✓	✓	✓	✓	✓	X
22. Cllr M Mahlangu	ANC	✓	✓	✓	✓	✓	✓	X	✓
23. Cllr C J Sibiya	DA	✓	✓	✓	✓	✓	✓	X	✓
24. Cllr V M Phuku	ANC	X	✓	X	✓	✓	✓	X	✓
25. Cllr Van Vuren	DA	✓	✓	✓	✓	✓	✓	✓	✓
26. Cllr Mohlala MP	DA	✓	X	✓	X	✓	X	X	X
27. Cllr Rabie A B (Resigned)	DA	✓	X	X	✓	✓	✓	✓	✓
28. Cllr Mabuza	ANC	X	X	✓	✓	✓	✓	✓	✓
29. Cllr J J Mkhize	ANC	X		✓	X	✓	✓	✓	X

APPENDIX D

MPAC OVERSIGHT REPORT

**THABA CHWEU LOCAL
MUNICIPALITY**

**MPAC OVERSIGHT REPORT
2014/2015
FINANCIAL YEAR**

**ACTING CHAIPERSON: HON CLLR SA MANZINI
CONTACTS: 0784502631**

THABA CHWEU LOCAL MUNICIPALITY 2014/15 OVERSIGHT REPORT

Thaba Chweu Local Municipality Oversight Committee held its meetings as follows:

No	Date	Venue
1.	14 and 15 March 2016	Ehlanzeni District Municipality (MM's Board Room)
2.	14 April 2016	Thaba Chweu Local Municipality (Council Chamber)
3.	21 and 22 April 2016	Floreat Lodge (Sabie)

The said meetings were arranged to discuss the 2014/15 TCLM's Annual Report for its consideration in terms of Section 121 of the Local Government Municipal Finance Management Act (Act No. 58 of 2003). The following members were present during the meeting:

Cllr J Kock (MPAC Chairperson ANC)
Cllr S Manzini (ANC)
Cllr S Sambo (ANC)
Cllr J Lekhuleni (ANC)
Cllr J Ligthelm (DA)
Adv MK Mulaudzi (Legal Manager- MPAC Secretariat)
Ms M Williams (Council Secretariat)
Mr J Nyundu (Intenal Auditor Manager)

It should also be noted with great appreciation that EDM MPAC received a request from TCLM and agreed to assist in the oversight and the compilation of the oversight report. EDM MPAC has since been part of the team that has conducted the oversight responsibility over TCLM Annual Report for the financial year 2014/ 2015.

BACKGROUND

The Municipal Public Accounts Committee (MPAC) appreciates the effort made by the Executive Arm of Council, in particular the Accounting Officer and his team for providing answers to the questions raised by the Committee. The MPAC wouldn't have been able to review the Annual Report. An Annual Report of a Municipality outlines the performance of the Municipality against its goals, objectives and budget as approved by Council. The report is the key accountability instrument of the Municipality; to be tabled in the Municipal Council by the Executive Mayor within seven (7) months after the end of the financial year. The key components of the report as provided by section 121 (3) of the MFMA are:

- Financial statements of the municipality;
- The Audit Report of the Auditor General;
- The Annual performance of the municipality;
- An assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges;
- An assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives; and
- Particulars of any corrective action taken or to be taken in response to issues raised in the Audit Report.

The Department of Cooperative Governance & Traditional Affairs (Cogta) together with the National Treasury and the Association of Public Accounts Committees in South Africa (APAC), issued guidelines dated 17 August 2011 and 2014 respectively relating to the establishment of the Municipal Public Accounts Committees (MPAC's) which clearly outlines the functions of the Municipal Public Accounts Committee's (MPAC's) as being the following:

1. To consider and evaluate the content of the annual report and to make recommendations to Council when adopting the an oversight report on the annual report;
2. In order to assist with the conclusion of matters that may not be finalized, information relating to past recommendations made on the Annual Report, must also be reviewed. This relates to current In-Year Reports, including the Quarterly, Mid – Year and Annual Reports;
3. To examine the financial statements and audit reports of the municipality and municipal entities, and in doing so, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented.

Municipal Councils are vested with the responsibility to oversee the performance of their respective municipalities, as required by the Constitution of the Republic, 1998 (Act No. 108 of 1998) as amended, the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) MFMA and the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000). This Oversight responsibility of Council is amongst others important for the consideration and recommendation to Council in adopting Municipal Annual Reports.

Section 127(2) of the MFMA prescribes that Mayor of the Municipality must, within (7) seven months after the end of a financial year, table in the Municipal Council the Annual Report of the municipality and of any Municipal entity under the Municipality's sole or shared control. After the Annual Report has been tabled, the Council is required by law to exercise oversight.

Section 129(1) (a) (b) and (c) of the MFMA prescribes that the Council of a municipality must consider the Annual Report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the Annual Report was tabled in the council in terms of section 127, adopt an Oversight Report containing the council's comments on the annual report, which must include a statement whether the council-

- (a) has approved the Annual Report with or without reservations;
- (b) has rejected the Annual Report or
- (c) has referred the Annual Report back for revision of those components that can be revised.

The 2014/15 Annual Report of TCLM was tabled to Council on the 23 February 2016. The Annual Report seeks to provide the community and various stakeholders of the Municipality with an opportunity to report on the financial and non-financial performance of the Municipality. The Performance of the Municipality is reported against commitments in the IDP, business plans and other supporting planning documents.

Section 121(1) and (2)(a),(b) and (c) of the MFMA prescribes that every Municipality and every Municipal entity must for each financial year prepare an annual report in accordance with this Chapter, which is Chapter 12 of the MFMA. The Council of a Municipality must within (9) nine months after the end of a financial year deal with the Annual Report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

The purpose of an Annual Report is-

- (a) to provide a record of the activities of the Municipality or Municipal entity during the financial year to which the report relates;
- (b) to provide a report on performance against the budget of the Municipality or Municipal entity for that financial year; and
- (c) to promote accountability to the local community for the decisions made throughout the year by the Municipality or Municipal Entity.

The 2014/15 Annual Report was referred by Council to Municipal Public Accounts Committee (MPAC) for oversight purposes on the 23 February 2016. The Council has delegated the Municipal Public Accounts Committee (MPAC) the responsibility of the Oversight Committee envisaged in Section 129 of the MFMA and Circular No. 32 of the MFMA. Upon receipt of the Annual Report, the MPAC exercises oversight and tables its oversight report to council within a prescribed time of (2) two months, however this could not be achieved considering the late submission of the response from the Accounting Officer. The MPAC is expected to table the oversight report for the year 2014/15 Annual Report of TCLM in a special council meeting to be called by the Speaker.

OVERSIGHT CHALLENGES

The review of the Annual Report posed a challenge to the Municipal Public Accounts Committee (MPAC) as it had to review the Annual report page by page in detail, scrutinizing the information given and verifying the legislation thereof, and formulating Preliminary Questions in each of the pages so that the drafting of the Oversight Report on the Annual report is well undertaken by the Committee.

The formulated set of questions submitted to the Executive Arm of Council on the 16 March 2016 with a deadline of the 23rd March 2016. The Accounting Officer submitted his response on the 5th April 2016 after management requested an extension. The analyses of the responses as well as the direct engagements with management, made it easier for the Municipal Public Accounts Committee (MPAC) to prepare the Oversight report.

The MPAC has encountered the following challenges as it reviewed the TCLM's 2014/2015 Annual Report:

- The workload of other referred reports such as Irregular, unauthorized, fruitless and wasteful expenditure during the time of reviewing the Annual Report which is a compliance matter with a limited timeframe poses a challenge because for the Committee to do effective oversight on the Annual Report, it has to read through the report, discuss it, analyze it and coin relevant unambiguous questions for clarity and provision of detailed information so that the members of the Committee seized with the review can understand and produce a credible Oversight Report on the Annual Report;
- The late submission of the responses by the Administration to the MPCA questions;
- The quality of the responses by Management is questionable;
- The change of chairperson during the process of Oversight;

It should be noted that an acting chairperson had to be appointed in order to enable MPAC to continue with the oversight process after the chairperson Cllr J Kock took a family responsibility leave unexpected. Cllr S Manzini was then appointed the acting chairperson until the conclusion of the oversight report.

OVERSIGHT METHODOLOGY

The methodology followed by the committee in the review process included the following steps:

- (a) Go through the Draft Annual Report;
- (b) Prepare questions to the Accounting Officer;
- (c) Analyze the Accounting Officer's responses;
- (d) Invite Senior Management for further engagement on the submitted responses; and
- (e) Compilation of the Oversight report.

The Municipal Public Accounts Committee (MPAC) followed the MFMA's Circular 63 which provides guidance on the content of the Annual Report. After the report has been referred to the committee by Council the following process unfolded:

- Each member obtained a copy of the draft annual report to be able to study it to familiarize himself/herself with its contents;
- The MPAC scribe ensured that all the members confirmed that they had the copy of the report;
- The MPAC chairperson requested the EDM MPAC to assist on the oversight of the annual report and district Municipality did not hesitate to avail their MPAC members to assist TCLM;
- A meeting was then arranged between TCLM MPAC, Ehlanzeni MPAC, Audit Committee Chairperson and AG South Africa in Ehlanzeni on the 14 and 15 March 2016;
- The MPAC was briefed by the Auditor General on the audit opinions for both the municipality and THALEDA to be able it to get a clear picture of the financial management and governance affairs of Municipality and its agency. The Auditor General's briefing afforded the Municipal Public Accounts Committee (MPAC) members an opportunity to ask questions and clarifications, enabling them as well to undertake further findings and called the Executive and Administration to account;
- The questions out of the Annual Report were compiled and finalized in consultation between the two MPAC and the Auditor General ;
- The formulated questions were then sent to the Speaker and Accounting Officer;
- The Municipal Public Accounts Committee (MPAC) decided to collect further information through questions to the Accounting Officer, and later calling management to appear before the Committee to give clarity to the responses;

The 2014/2015 Annual Report was then processed as follows:

STEP	ACTIVITY	RESPONSIBLE PERSON/S	DATE
1.	Council refers Annual Report(A/R);Annual Financial Statements(AFS); Auditor General's Report(AG's) to MPAC	Speaker	23 February 2016
2.	MPAC review documents	MPAC Members	14 March 2016
3.	MPAC obtains briefing by Auditor General	AG's Office	14 March 2016
4.	MPAC develops and adopts preliminary questions	MPAC Members	15 March 2016
5.	MPAC adopts preliminary questions and send to Executive arm of Council	MPAC Members	16 March 2016

6.	MPAC receives responses to preliminary questions	MPAC Members	08 April 2016
7.	MPAC analyses responses	MPAC Members	14 April 2016
	MPAC analyses responses and call a hearing on Management		21 April 2016
9.	MPAC makes findings, draft an Oversight Report.	MPAC Members	22 April 2016
10.	MPAC adopted the Report	MPAC Members	11 May 2016

SUMMARY OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE'S (MPAC'S) OBSERVATIONS

The MPAC in line with the Local Government: Municipal Finance Management Act, No 56 of 2003, Section 127 and its Terms of Reference as adopted and approved by Council:

- That the Municipal Accounts Committee (MPAC) must consider the draft Annual Report and prepare a draft Oversight Report to be submitted to Council for purposes of Council to adopt the draft Oversight Report;
- In preparing the draft Oversight Report, the Municipal Accounts Committee (MPAC) must consider all representations from the local community in connection with the draft Annual Report received;
- The meeting of the Municipal Accounts Committee(MPAC) considering the Annual Report must be open to the public and members of the local community must be allowed to make representations in connection with the draft Annual Report at the meeting;
- National Treasury Circular 63 provides guidance on the preparation of the draft Oversight report;
- This therefore means that the members of the community need to be involved in all the meetings when the draft Annual Report is reviewed and discussed.

The MPAC having thoroughly gone through the pages of the draft Annual Report observed the following:

- That Public hearings were not conducted by the municipality MPAC;
- That Public Survey on Municipal Services was not conducted;
- That Management did not thoroughly go through the MPAC questions which resulted to them providing poor and irrelevant responses;
- That the Draft Annual Report was full of errors which could have been picked up should necessary attention was given;
- The responsibility of compilation of the Annual Report is not clearly placed to a specific and relevant department which results to a substandard document being compiled;
- That responsible Directors are not giving attention to their relevant chapters/functions to ensure quality and accurate reporting;
- That the AGSA has raised a number of irregularities and control weaknesses in their Audit Report;
- That it appears that there is no good relationship between the AGSA and Management considering the response provided by management (e.g management kept on questioning the AGSA findings) and this affects their objectivity in addressing the issues raised by the AGSA.
- That management has developed an Audit Action Plan to address the AGSA findings;
- The municipality received Disclaimer audit opinions consecutively for the past five (5) years.
- That the unauthorized, irregular, fruitless and wasteful expenditures for the past five(5) years were not investigated and Council did not pronounce itself on these expenditures.
- That Mayoral Imbizo's are not conducted as required by the legislation;

- That there is a lack of consequence management to hold officials accountable for transgressions;
- That projects implemented by the municipality are not as per the IDP priorities which results to a negative AG findings;

Council should note with great concern the following statements from the AGSA Audit Report for the Municipality and its entity:

Because of the significance of the matters described in the bases for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate Audit evidence to provide bases for an Audit opinion. Accordingly, I do not express an opinion on the financial statements.

As for the THALEDA, in my opinion, financial statements present fairly in all material aspects, the financial position of the Thaba Chweu Local Economic Development Agency as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and Companies Act.

The Municipal Accounts Committee's (MPAC's) has used MFMA Circular, No. 63 in its review of the 2014/2015 draft Annual Report and the following findings have been made:

Chapter 1: Mayor's foreword and Executive Summary:

1.1 Mayor's Foreword

In terms of Section 52 (a) of the MFMA, the Executive Mayor of a municipality must provide general political guidance over the fiscal and non-fiscal affairs of the municipality.

The Municipal Public Accounts Committee (MPAC) has established that the draft Annual Report on the Mayor's Foreword has not sufficiently covered the relevant information and that the questions for clarification posed to the Executive Arm of Council was then responded to satisfactorily and necessary amendments were made.

1.2 Municipal Manager Foreword

The Municipal Manager's foreword provides an opportunity to the Municipal Manager to give a public account, guidance and advice on the administrative performance of a municipality/entity.

The Municipal Public Accounts Committee (MPAC) has established that the draft Annual Report on the Municipal Manager's has not sufficiently covered the relevant information and that the questions for clarification posed to the Executive Arm of Council was then responded to satisfactorily and necessary amendments were made.

1.3 Municipal Overview

The section provides an overview on how municipalities as separate legal entities function based on its relationship with other political structures, office bearers, administration and the community. Information

on the demographics, economic growth, population, growth and development structure of the municipality should be reported including the outcomes both success and not so successful initiatives embarked upon.

The Municipal Public Accounts Committee (MPAC) has established that the draft Annual Report on the Municipal Overview has not covered the relevant information and that the questions for clarification posed to the Executive Arm of Council were responded to satisfactorily and necessary amendments were made.

Chapter 2: Governance

This Chapter is to ensure accountability and governance arrangements are in place. Section 121 (2) (c) of the MFMA supports the requirements of Section 18 (1) (d) of the MSA:

Information on matters of governance should be communicated to communities. This Should, according to Section 65(1)(a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year. Nine major characteristics should be applied with the political and administrative structures of a municipality/ municipal entity to ensure good governance:

- Participation;
- Rule of law;
- Transparency;
- Responsiveness;
- Consensus oriented;
- Equity and inclusiveness;
- Effectiveness and efficiency;
- Accountability; and
- Sustainability.

With the above requirements in mind, information included in this chapter is divided into four sections:

Component A: Governance Structures

- Political Governance Structure
- Administrative Governance Structure

Component B: Intergovernmental Relations

- Intergovernmental Relations

Component C: Public Accountability and Participation

- Public Meetings
- IDP Participation and Alignment

Component D: Corporate Governance

- Risk Management
- Anti-corruption and fraud

- Supply Chain Management
- By-laws
- Websites
- Public Satisfaction on Municipal Services
- All municipal oversight committees

The Municipal Public Accounts Committee (MPAC) has established that the draft Annual Report on Governance has not covered the relevant information and that the questions for clarification posed to the Executive Arm of Council were responded to satisfactorily and necessary amendments were made. However a Public Satisfaction on Municipal Services was not conducted.

Chapter 3: Service Delivery Performance (Performance Report Part I)

This chapter focuses on service delivery on a service-by-service basis. It considers municipal performance derived from IDP objectives, translated into the SDBIP and presents data on Community needs and resources deployment. Some indicators are offered for some services as a basic set of key comparative data to be amassed from all relevant municipalities and other services are left for municipalities to address entirely as they consider appropriate.

The service delivery issues must be structured, captured and reflected under each priority as contained in the IDP to allow for easy comparisons on achievements against budget and SDBIP.

The Municipal Public Accounts Committee (MPAC) has established that the draft Annual Report on the Service Delivery Performance (Performance Report Part I) has covered the relevant information, however has a lot of grammatical error, most of the figures and maps were incorrect.

The committee also observed the non-achievement of service delivery targets set by management and Council in the IDP/SDBIP which result to poor service delivery.

That the questions for clarification posed to the Executive Arm of Council were not responded to satisfactorily hence MPAC noted the management defensive approach on Service Delivery questions.

Chapter 4: Organizational Development Performance (Performance Report Part II)

This chapter addresses information pertaining to the implementation of an effective performance management system, organizational development and performance of a municipality/municipal entity. Such information is required to identify skills gaps and plans for the development of such skills. In order to measure the outcome of effective organizational development the following is highlighted:

- Organizational structure enhancement;
- Increased accountability;
- Increased participation in problem solving, goal setting and new ideas; and
- Identifying and development of skills needed to perform

In relation to the above, the content of this chapter include:

- Component A: Introduction to the municipal workforce (Total Employment, to include staff turnover).
- Component B: Managing the municipal workforce.
- Component C: Capacitating the municipal workforce.
- Component D: Managing the municipal workforce expenditure

The Municipal Public Accounts Committee (MPAC) has established that the draft Annual Report on the Organizational Development Performance (Performance Report Part II) has not covered the relevant information and that the organizational structure information indicated on the report does provide the true reflection of the municipality.

The committee also noted the none availability of job descriptions and lack of monitoring of performance within the organization which also contributes to the poor service delivery.

The responses of management to the questions for clarification posed to the Executive Arm of Council was not convincing.

Chapter 5: Financial Performance

The aim of this chapter is to provide an overview of the financial performance of the municipality/municipal entity through measuring of results. It further provides an opportunity for planning, so as to ensure that future budgetary allocations are brought in line with IDP and functional area activities and outputs.

Information included in this chapter is divided into the following framework:

- Component A: Statement of Financial Performance
- Component B: Spending against Capital Budget
- Component C: Cash flow Management and Investment
- Component D; Other Financial Matters

The Municipal Public Accounts Committee (MPAC) has established that the draft Annual Report on the Financial Performance has covered the relevant information, however Bad Financial Management led to the disclaimer opinion and that the questions for clarification posed to the Executive Arm of Council were responded to satisfactorily.

The Committee also observed the non-compliance to the spending of grants e.g EPWP and MIG including the none compliance to GRAP 17 relating to the Asset Register of the municipality.

Chapter 6: Auditor-General Audit Findings

The MSA, Act 32 of 2000, Section 45 states that the results of performance measurement in terms of Section 41(1)(c) must be audited annually by the Auditor-General. Section 41(1)(c) states that the auditing should take place with regard to each of those development priorities and objectives and against key performance indicators and targets to monitor, measure and review municipal performance at least once per annum.

Besides the Auditor-General's Report, which cannot be amended by the municipality, information pertaining to the following is to be included in the chapter on the Auditor-General report: This chapter provides an overview of the Auditor-General of the previous financial year. Specific topics that should receive attention include:

- Detail on issues raised during the previous financial year;
- Remedial action taken to address the above and preventative measures.

The Municipal Public Accounts Committee (MPAC) has established that the draft Annual Report on the Auditor-General Audit Findings has covered the relevant information, however management did not summarize the Auditor General finding as required by the MFMA Circular 63 but instead attached the report as is and that the questions for clarification posed to the Executive Arm of Council were responded to satisfactorily.

As a way of following up and monitoring the implementation of its recommendations and those of Council, Auditor General, Internal Audit, other Section 79 Committees, Portfolio Committees (Section 80) and relevant departments from the year under scrutiny, 2014/2015 going forward, the Municipal Public Accounts Committee will do the following:

- Develop a program of follow-up to monitor departments performances;
- Hold informative Quarterly meetings with management;

RECOMMENDATIONS OF THE MPAC

MPAC has recommended as follows:

- That the public hearing / discussions needs to take place in the next financial year going forward because this is important as it is an oversight mechanism through which the Municipal Public Accounts Committee (MPAC) can call officials in or outside the municipality .
- That the Administration is encouraged to fully adhere to Circular Number 63 of the MFMA, Act 56 of 2003 in order to comply with the said Circular on the compilation of the Annual Report
- That Council should condone the unauthorized, irregular, fruitless and wasteful expenditures for all the previous financial years with the exclusion of the ones for 2015/2016 financial year.
- That Council should ensure the development of necessary consequence management policy or procedure and implementation thereof;
- That Council should ensure that a Public Survey on Service Delivery is conducted;
- That the Speaker should ensure that Executive Mayoral Imbizo's are conducted as required by legislation;
- That Council should continuously monitor the implementation of the Audit Action Plan;
- That Council should ensure that the MPAC is well capacitated and allocated necessary resources to ensure effectiveness and efficiency of the committee.
- That Council adopts the Report without any reservations

Conclusion

MPAC acknowledges that some progress has been made in responding to the concerns raised by the AGSA but it is noted that some matters especially the service delivery and compliance issues requires continued and dedicated attention by the Administration with the support of Council.

For that reason MPAC will meet more often from now on and do its own investigations to assist Council and also to enhance its oversight role.

S. Manzini
ACTING CHAIRPERSON: MPAC
CLLR S MANZINI

Date: 13th May 2016

APPENDIX E

AUDIT COMMITTEE REPORT

Mr A.C. Keyser
Chairperson: Audit Committee
Thaba Chweu Local Municipality

21 January 2016

The Honourable Mayor: Councilor S Mashego
Thaba Chweu Local Municipality
Central Street
Civic Centre
LYDENBURG
1120

Dear Madam,

**RE: ANNUAL REPORT OF THE AUDIT COMMITTEE OF TCLM FOR THE FINANCIAL YEAR ENDED -
30 JUNE 2015**

I hereby submit the Audit Committee report for the financial year which ended on 30 June 2015. This report has been done as required by Section 166 of the Municipal Financial Management Act (Act No. 56 of 2003).

1. Committee membership and attendance of meeting

Below is a table indicating the Audit Committee members and the number of meetings each member attended during the year:

Summary in respect of the number of meetings attended for 2014 / 2015 financial year:

Meeting Type	No. of meeting
Ordinary meetings	4
Special meetings	5
Executive Mayor's Meeting	4
Council Meeting	2
AGSA Meeting	2

Details of each member in respect of the meetings attended for the 2014/2015 financial year:

Initial and Surname	Date of Appointment	Date of Resignation	Breakdown of meetings attended						Total meeting attended
			Audit Committee Ordinary meetings	Audit Committee Special meetings	Executive Mayor's Meeting	Council Meeting	AGSA Meeting		
Mr AC Keyser	01/08/2014	n/a	4	5	4	2	2	17	
Mr A Dzuguda	29/05/2013	n/a	4	5	4	0	2	15	
Mr BMM Madiwa	01/08/2014	n/a	3	5	4	0	2	14	
Mr R Mnisi	01/08/2014	23/09/2015	1	0	0	0	0	1	

Detailed Summary of the Members Attendance:

Names	Ordinary Audit Committee Meetings						Special Audit Committee Meetings						Auditor General Meetings (AGSA is also invited to attend all Ordinary Audit Committee Meetings)		Executive Mayor Meetings (Alternatively Audit Committee meets the Executive Mayor prior to holding the meetings) The Chairperson also attended two Council meetings				Total
	19/06/14	16/10/14	04/02/15	23/06/15	29/08/14	25/11/14	13/03/15	15/04/15	13/05/15	25/11/14	04/02/15	19/06/14	16/10/14	04/02/15	23/06/15				
Mr Keyser	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	17			
Mr Dzuguda	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15			
Mr Madiwa	0	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14			
Mr Mnisi	✓	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1			

2. Audit Committee responsibilities on audit matters

It is pleasing to be able to report that the Audit Committee has complied with its responsibilities arising from Section 166(2) (b) of the MFMA Act 56 of 2003 and regulation 3 of the Treasury Regulations.

The Audit Committee can also report that it has adopted appropriate formal terms of reference as contained in its charter which was adopted by the Council of Ehlanzeni District Municipality considering the shared services of the committee functions. It has been able to carry out the majority of its responsibilities and functions in compliance with its term of reference as contained in its approved charter. The Audit Committee constituted of 4 members and all are independent and have the required qualifications, skills and knowledge, which includes legal, business management, accounting, financial management and performance. However, where the need arose the Audit Committee is empowered to obtain the required information from the appropriate expert and consultants, however it was not necessary as Ehlanzeni District Municipality supplied the required assistance. One member of the committee Mr R Mnisi resigned during the financial year due to other commitments which made him to miss a number of meetings. His vacancy will be filled in due course as soon as the recruitment processes are finalised by the district municipality

As stipulated in applicable legislation, MFMA, Division of Revenue Act (DoRA) the Audit Committee advised, where appropriate the Executive Mayor and the Accounting Officer on matters relating to internal financial controls, internal audits, risk management, accounting policy, adequacy and reliability of performance information and accuracy of financial reporting.

During the year the recommendations made by the Audit Committee as per Sec 121 (3) (i) and others were recorded in the minutes of the Audit Committee.

3. Effectiveness of Internal Controls

The Council system of internal control was originally designed to provide effective assurance that assets are safeguarded and liabilities and working capital are judiciously used. It is pleasing to be able to report that Risk Management has improved in the current year to such an extent that it has enabled the Internal Audit unit to base its Internal Audit Plan on the risks identified. However there is still a lot to be done on the functionality of Risk Management taking into consideration the Risk Assessment results and the status of implementing action plans to address the identified risks.

In accordance with the MFMA and King III Report on corporate governance requirements, internal audit should provide the Audit Committee and Management with the assurance that the internal controls are appropriate and effective. As previously stated this has been possible to do this financial year due to the employment of a Risk

Officer who is receiving assistance from both the District Municipality and the Provincial Treasury Risk Management Units in implementing risk management processes.

The contents of the audit report on the Annual Financial Statements and the AGSA Management letter has indicated that in certain instances non-compliance with prescribed policies and procedures, laws and regulations have occurred which resulted in the municipality receiving a Disclaimer Audit Opinion. Furthermore, the number of recurring areas of weaknesses identified by the Internal Audit unit and Auditor General will continue to be monitored by the Audit Committee.

The Committee took note of the issues raised by the Internal Audit unit in the various reports they issued during the year and also noted management commitment to address the identified control weaknesses. Below are some of the critical issues which came to our attention through the Internal Audit and Auditor General SA reports which Council should take note of as it debates the AGSA Report including the Annual Report:

- Escalating Eskom Debt which was sitting at plus R300 million in our last ordinary audit committee meeting
- Lack of an effective Performance Management System, resulting in non-submission of quarterly reports (1st, 2nd Quarter) and submission of unreliable performance reports due to inconsistent objectives, targets and indicators
- Non-compliance with Supply Chain Management processes resulting in irregular, fruitless and wasteful expenditure
- Ageing infrastructure such as roads, electricity and water networks resulting in inadequate business investment which has a direct impact on the social challenges faced by the municipality
- Unmonitored distribution losses on both Electricity and Water Supply which directly affects the revenue of the municipality
- Inconsistent leadership in senior management positions especially that of the Municipal Manager and Technical Services Director
- Budget Management resulting in the municipality not achieving its set targets to improve on service delivery
- Failure to pay creditors on time resulting in escalating litigation against the municipality and also suppliers unwillingness to provide goods and services which have a direct impact on service delivery
- Non-linkage of the IDP, with the Organogram
- Improper implementation of the municipal organogram resulting in various challenges in the Human Resources Management Unit

4. Evaluation of Financial Statements

- The Audit Committee reviewed the unaudited draft Annual Financial Statements and as in previous years highlighted inconsistencies and errors in the draft AFS for management to address;
- The Internal Audit did a sterling job in identifying areas which management needed to address in the Draft AFS before they were submitted to the AGSA for audit purposes.
- We also reviewed the Auditor-General SA Management Letter and Draft Audit Report. We held various meetings with the Auditor General SA to try and address some of the issues raised in the reports, some were cleared others could not be cleared as the AGSA indicated that they were not satisfied with the management comments and the supporting documents provided. The Audit Committee is hopeful that the 2015/16 audit outcome will be better taking into consideration the comments provided by management when the Audit Report was tabled by the AGSA.
- Reviewed, where possible, Councils compliance with legal and regulatory provisions; and
- Accounting policy and procedures;
- All significant adjustments resulting from the Audit;
- Major variances from the prior year

Council should take note that for the municipality to improve the audit outcome, it is critical that there is stability in both the Administration and Political leadership and therefore the position of the Municipal Manager should be permanently filled with a committed, disciplined and competent official who will be able to hold officials accountable.

5. Evaluations of the Effectiveness of Internal Audit and Internal Control Systems

5.1 Internal Audit Unit

The internal audit process undertaken by the Internal Audit unit provides oversight to obtain reasonable assurance regarding management assertions that objectives outlined have been obtained. During the year under review, Internal Audit fully discharged its responsibilities as legislated in Section 165 of the MFMA and this was also confirmed by the Auditor General SA in its management letter including the Audit Report. We appreciate the effort made by the Accounting Officer in capacitating the unit with additional staff and trust that this unit will be fully utilized by the municipality as it will greatly assist the Accounting Officer and Council in achieving their objectives especially if the recommendations made by the unit are fully implemented.

We also appreciate the support given by the Ehlanzeni District Municipality's Internal Audit unit in ensuring that the Internal Audit Plan for 2014/2015 was fully implemented by seconding the EDM IA staff to assist with the execution of the Revenue Management project considering its size. Management should take note of all the recommendations made by Internal Audit in the following projects:

1. Asset Management	7. Leave Management
2. Revenue Management	8. Performance Information (SDBIP Implementation)
3. Supply Chain Management	
4. Inventory Management (Stock Take)	
5. 2013/14 AGSA Audit Action Plan Assessment	
6. 2014/15 AFS Review	

6. Fraud/Irregular Activities

It's regrettable that there was an increase in these matters as highlighted by the AGSA in paragraphs 39-42 including paragraph 57 taking into consideration that these are potential areas of fraud/irregular activities if not properly monitored by management and Council. However it must be noted that a Fraud Prevention Plan was approved by both the Audit Committee and Council, however, a lot still needs to be done in ensuring the fully implementation of the plan.

In the previous year's report the Audit Committee recommended that the irregular, fruitless and wasteful expenditure should be investigated and recovered where possible. However this was not done and it again appears in the AGSA Management letter and Audit report for 2014/15. The Audit Committee requests that the Accounting Officer act on the AGSA recommendation which are based on the MFMA Section 32. National Treasury should also be engaged regarding the processes to follow in addressing the Unauthorised, irregular, fruitless and wasteful expenditure considering the escalating balance of this expenditure and taking into consideration that some dates back to 2011.

7. Performance Management System (PMS)

During the year under review this section of the municipality again did not receive the attention it deserves but there was a slight improvement taking into consideration that the Internal Audit was able to audit the 3rd and 4th Quarters performance reports and this also enabled the AG auditing the Performance Information. although an adverse opinion was raised on the usefulness and reliability of the annual performance report, the Internal Audit has also indicated in its reports that there is a challenge in the submission of POE's (*Portfolio of Evidence*) relating to the implementation of the SDBIP (*Service Delivery and Budget Implementation Plan*) resulting in the targets set out in the IDP (*Integrated Development Plan*) not being achieved. The Audit Committee is in agreement with AGSA opinion regarding the weaknesses identified and management needs to put more effort in addressing issues raised in the IDP and SDBIP to ensure that municipal target are met.

Council should take note that the inconsistent submission of quarterly performance reports results in municipal funds not to being properly accounted for. The signing of Performance Agreements by the Municipal Manager and Senior

Managers is critical. These agreements assist Council to hold senior managers accountable when there is poor performance and therefore this area should be prioritized and constantly monitored by the Executive Mayor and her Executive Committee.

8. Enterprise Risk Management

During the year under review a risk workshop was again performed by Risk Management Unit assisted by the Provincial Treasury flowing from which the following documents were compiled:

- Risk Assessment Report
- Risk Registers
- Risk Management Strategy and
- Risk Management Policy

It is pleasing to be able to report that the Risk Committee was established and that meetings were held to try to mitigate the risks identified. However we are still concerned with the progress made in addressing the identified risks. We therefore advise Council to also monitor the implementation of the Risk Management Plan and the updating of the risk registers by the various directorates.

Lastly please take note of the efforts made by management to appoint a Chief Risk Officer who has since assumed her duties. .

9. Auditor General

The Audit Committee takes note of the 2014/15 Audit Report which has a disclaimer opinion. Regardless of the efforts made by management during the year the Auditor General was not satisfied with the supporting documents provided by management. We had several engagements with the Auditor General during the audit process and noted both managements concerns and the AG's concerns and we believe that issues raised during the audit will be addressed properly. We would like to highlight to Council the **3 Drivers of Internal Control** to achieve "Clean Administration/Audit" below:

1. LEADERSHIP (Political and Administration)

- Continue with the establishment a culture of honesty, ethical business practices, good governance, protecting and enhancing the best interest of the municipality (*Code of conduct*)
- Exercise oversight responsibility (*Effective Portfolios Committees and MPAC*)
- Ensure effective human resource *practices*(*Code of Conduct*)
- Implement appropriate policies and procedures including By-Laws
- Approve and monitor the implementation of action plans to address internal control deficiencies

- Approve and implement an appropriate IT governance framework

2. FINANCIAL & PERFORMANCE MANAGEMENT

- Ensure proper record keeping of all transactions;
- Maintain effective controls over daily and monthly processing and reconciling of transactions;
- Produce regular, accurate and complete financial(Sec 71 and SCM implementation) and performance(Service delivery) reports;
- Review and monitor compliance with applicable laws and regulations;
- Design and implement formal controls to mitigate IT risks (Policies and Framework).

3. GOVERNANCE

- Ensure that risks are periodically identified, assessed and effectively mitigated to an acceptable level(Risk Management Unit);
- Maintain an adequately resourced and functioning Internal Audit Unit;
- Maintain an audit committee that performs its legislated duties and that promotes accountability and service delivery.
- Implement Consequence Management to hold officials accountable for their actions

Based on the 2014/15 AG audit outcome, it is clear that a lot still needs to be done to ensure that we move away from the recurring Disclaimer opinions. As Audit Committee we commit ourselves to continue advising both Management and Council on the various actions to be implemented in improving internal controls and trust that Council will take note of the recommendations of the committee.

Conclusion and Appreciation

The Audit Committee would like to take this opportunity to thank the then Hon Executive Mayor Cllr BM Ncongwane for meeting with it during the year, he had shown a keen interest in the workings of the committee and he has thrown his full weight behind the committee. We also appreciate the newly appointed Executive Mayor Cllr S Mashego and trust that her office door will always be open for the Audit Committee to update her with our advice and recommendations and the challenges the committee faces which might need her intervention. In the little time we spent with the Executive Mayor we were able to update her with our observations on the status of the municipality and trust that in the coming year we will be able to have more meetings with her to discuss our reports and recommendations.

The Head of Internal Audit together with his team has done a sterling job with very limited resources and the Audit Committee acknowledges the assistance given by the EDM internal audit unit who at their cost assisted TCLM with audits and advice. We note the appointment of three additional staff in the unit and trust that they will contribute to

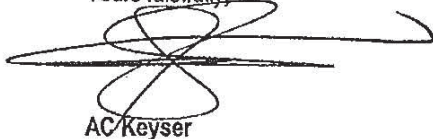
the success of this unit to ensure that Good Governance is upheld through objective reporting of Internal Audit findings and providing appropriate recommendations to improve the internal controls of the municipality.

Council should take note of the critical role a Municipal Manager plays in ensuring good administration; therefore the filling of the position should be prioritized. We also note the appointment of the Technical Services Director and trust that he will ensure that the municipal ageing infrastructure is upgraded and continuously maintained by developing proper Business Plans to source additional MIG funds and other funding models to improve the municipal infrastructure. We are pleased to note the appointment of the Chief Financial Officer Mr Mokwena on the 01st March 2015. We appeal to the TCLM Hon Executive Mayor and his team of Councillors including the management to support the newly appointed CFO in ensuring that the "purse" of the municipality is well managed and accounted for to ensure the achievement of Good Governance and improving service delivery.

Lastly as indicated in our previous reports to Council that it would be inappropriate for the Audit Committee not to thank the Hon Executive Mayor of Ehlanzeni District Municipality, Cllr LN Shongwe and the Accounting Officer of EDM, Adv HM Mbatha for their continuous support and financial assistance to TCLM and the Audit Committee.

I would also like to thank the members of the Audit Committee for the diligent way in which they carried out their duties.

Yours faithfully,



AC Keyser

Chairperson of the Audit Committee: Thaba Chweu Local Municipality

APPENDIX F
COMMITTEE AND COMMITTEE PURPOSES

SECTION 79 COMMITTEES

1. LAND USE COMMITTEE

- Cllr J.B.Nkosi – Chairperson
- Cllr M.Mahlangu
- Cllr P.P.Chima
- Cllr F.Essack

2. LOCAL GEOGRAPHICAL NAMES COMMITTEE

- Cllr J Mkhize- Chaiperson
- Cllr B.M.Ncongwane
- Cllr M.M.Mohlala
- Cllr R.P.Malatsi
- Cllr S.E.Molobela
- Cllr J.H.Ligthelm

3. THABA CHWEU LABOUR FORUM

- Cllr M.C.Masilela- Chairperson
- Cllr M.V.Phuku
- Cllr F.Essack

4. RULES AND ETHICS COMMITTEE

- Cllr N.S.Sambo –Chairperson
- Cllr V.S.Magagula
- Cllr R.P.Malatjie
- Cllr A.K.Mathaila
- Cllr N.J.van Vuuren

5. MUNICIPAL PUBLIC ACCOUNT COMMITTEE

- Cllr J.M.Kock – Chairperson
- Cllr J.A.Maolele
- Cllr S.Sambo
- Cllr S.A.Manzini
- Cllr N.J.van Vuuren

6. AUDIT COMMITTEE

- Mr Keyser Chairperson
- Mr Badimo
- Mr Dzuguda
- Mr Chiloane

7. FINANCE AND TECHNICAL

- Cllr M.C.Masilela- Chairperson
- Cllr J.H.Ligthelm
- Cllr N.S.Sambo
- Cllr M.V.Phuku
- Cllr F.Essack

8. LEDTOURISM, IDP AND SOCIAL DEVELOPMENT

- Cllr I.T.Mokoena –Chairperson
- Cllr A.K.Mathaila
- Cllr F.Essack
- Cllr M.Mahlangu
- Cllr S.A.Manzini
- Cllr Q.Lawrence

9. CORPORATE SERVICES AND HUMAN SETTLEMENT

- Cllr M.T.Mashego –Chairperson
- Cllr M.V.Phuku
- Cllr J.B.Nkosi
- Cllr N.J.van Vuuren
- Cllr N.M.Masimola
- Cllr J.A.Maolele
- Cllr R.P.Malatjie

2014/15 Council Attendance Register

APPENDIX F

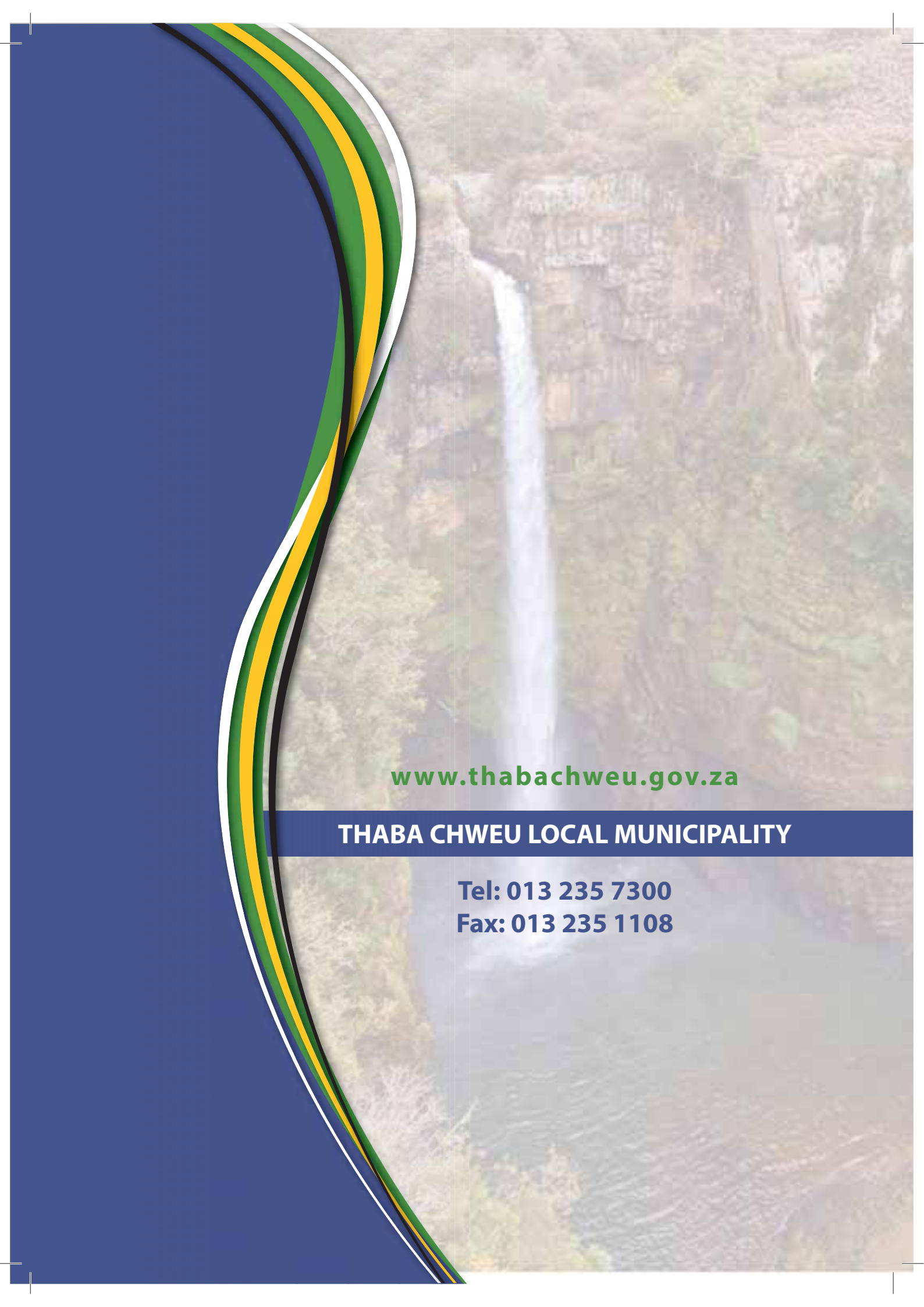
WARD INFORMATION

Cllr S Magagula	SALGA (PEC member and chairperson of municipal trading services)
Cllr MC Masilela	working group member for Municipal Trading Services
Cllr S Manzini	Chairperson (SALGA Women Commission)
Cllr B.M Ncongwane	District Representative for Thaba Chweu
Cllr S.E Molobela	District Representative for Thaba Chweu
Cllr Ligthelm	District Representative for Thaba Chweu

APPENDIX G

PUBLIC PRIVATE PARTNERSHIP

Entity	Partnership	Date Signed
THALEDA	Kravicento Limited	19 August 2014



www.thabachweu.gov.za

THABA CHWEU LOCAL MUNICIPALITY

Tel: 013 235 7300

Fax: 013 235 1108